

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 2 June 1993

The Council met at half-past Two o'clock

PRESENT

THE PRESIDENT

THE HONOURABLE JOHN JOSEPH SWAINE, C.B.E., LL.D., Q.C., J.P.

THE CHIEF SECRETARY

THE HONOURABLE SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, C.B.E., J.P.

THE ATTORNEY GENERAL

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, C.B.E., J.P.

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.

THE HONOURABLE HUI YIN-FAT, O.B.E., J.P.

THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.

THE HONOURABLE DAVID LI KWOK-PO, O.B.E., J.P.

THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

THE HONOURABLE ANDREW WONG WANG-FAT, O.B.E., J.P.

THE HONOURABLE LAU WONG-FAT, O.B.E., J.P.

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE MARTIN GILBERT BARROW, O.B.E., J.P.

THE HONOURABLE MRS PEGGY LAM, O.B.E., J.P.

THE HONOURABLE MRS MIRIAM LAU KIN-YEE, O.B.E., J.P.

THE HONOURABLE LAU WAH-SUM, O.B.E., J.P.

DR THE HONOURABLE LEONG CHE-HUNG, O.B.E.

THE HONOURABLE JAMES DAVID McGREGOR, O.B.E., I.S.O., J.P.

THE HONOURABLE MRS ELSIE TU, C.B.E.

THE HONOURABLE PETER WONG HONG-YUEN, O.B.E., J.P.

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, J.P.

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE TIMOTHY HA WING-HO, M.B.E., J.P.

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA

THE HONOURABLE SIMON IP SIK-ON, J.P.

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE ERIC LI KA-CHEUNG, J.P.

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE HENRY TANG YING-YEN, J.P.

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE SAMUEL WONG PING-WAI, M.B.E., J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

DR THE HONOURABLE TANG SIU-TONG, J.P.

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

ABSENT

THE HONOURABLE PANG CHUN-HOI, M.B.E.

THE HONOURABLE EDWARD HO SING-TIN, O.B.E., J.P.

IN ATTENDANCE

MR MICHAEL LEUNG MAN-KIN, C.B.E., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

MR MICHAEL SUEN MING-YEUNG, J.P.
SECRETARY FOR HOME AFFAIRS

MR ALISTAIR PETER ASPREY, O.B.E., A.E., J.P.
SECRETARY FOR SECURITY

MR RONALD JAMES BLAKE, J.P.
SECRETARY FOR WORKS

MR ANTHONY GORDON EASON, J.P.
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

MR MICHAEL DAVID CARTLAND, J.P.
SECRETARY FOR FINANCIAL SERVICES

MR KWONG KI-CHI, J.P.
SECRETARY FOR THE TREASURY

THE CLERK TO THE LEGISLATIVE COUNCIL
MR CLETUS LAU KWOK-HONG

THE DEPUTY CLERK TO THE LEGISLATIVE COUNCIL
MR PATRICK CHAN NIM-TAK

Papers

The following papers were laid on the table pursuant to Standing Order 14(2):

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Water Pollution Control (Eastern Buffer Water Control Zone) Order	169/93
Water Pollution Control (Eastern Buffer Water Control Zone) (Appointed Days) Order.....	170/93
Statement of Water Quality Objectives (Eastern Buffer Water Control Zone).....	171/93
Water Pollution Control (Western Buffer Water Control Zone) Order	172/93
Water Pollution Control (Western Buffer Water Control Zone) (Appointed Days) Order.....	173/93
Statement of Water Quality Objectives (Western Buffer Water Control Zone).....	174/93
Water Pollution Control (Southern Supplementary Water Control Zone) Order.....	175/93
Water Pollution Control (Southern Supplementary Water Control Zone) (Appointed Days) Order	176/93
Statement of Water Quality Objectives (Southern Supplementary Water Control Zone).....	177/93
Water Pollution Control (Tolo Harbour Supplementary Water Control Zone) Order.....	178/93
Water Pollution Control (Tolo Harbour Supplementary Water Control Zone) (Appointed Days) Order	179/93
Statement of Water Quality Objectives (Tolo Harbour Supplementary Water Control Zone).....	180/93
Companies Ordinance (Fee for Taking Affidavit, Affirmation or Declaration) Notice	183/93

Companies (Amendment) Ordinance 1993 (10 of 1993) (Commencement) Notice 1993	184/93
Specification of Public Office	185/93

Sessional Paper 1992-93

No. 82 —	The Government Minute in response to the Report of the Public Accounts Committee dated March 1993
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Address

The Government Minute in response to the Report of the Public Accounts Committee dated March 1993

CHIEF SECRETARY: Mr President, I table today the Government Minute setting out the Administration's response to Report No. 17A of the Public Accounts Committee on the Construction of the Hong Kong University of Science and Technology.

The Public Accounts Committee has produced a thorough and comprehensive report. It is the result of a careful and rigorous investigation, stretching over a period of 15 months. That much of it took place in public provides further testimony to the continuing development of a more open and accountable system of government.

The Administration accepts the Committee's recommendations. In particular, we agree that there is a need to ensure tighter control of joint projects undertaken by the Government and outside organizations. But, in the case of the University of Science and Technology, it was accepted that some flexibilities in the normal system of government control was necessary if the university was to be completed in time to admit its first students in 1991. It was the conscious decision of all concerned, including the Executive Council, that the project should be entrusted to the Jockey Club to ensure its speedy completion. A much greater degree of control would have been possible if the project had been constructed in the normal way through the Public Works Programme. But in that case it is unlikely that the project could have been completed on time. Indeed, we might still be waiting today for the first intake of students. That would not have been in Hong Kong's interests.

The central issue examined by the Committee — and the one that has attracted by far the most attention in the media — is, of course, the increase in the estimate for the project. This would not have been an issue if the original estimate approved by Finance Committee in May 1988 had been prepared on the basis of a detailed design. But it was not. Rather, it was based on a very preliminary design, which did not take account of the particular requirements of

a specialist university, and which was drawn up without the benefit of academic input. It was always likely therefore that it would be necessary to increase that estimate once the detailed design had been completed.

The other reason for the increase in the estimate was inflation. If the cost of a project is approved at the price prevailing at a particular date, it will normally have to be increased as a result of price increases during the construction period. There is nothing unusual in this; what is unusual is the high rate at which building costs increased during the planning and construction of the project. For example, the Building Services Index rose by 120% between the fourth quarter of 1987 and the second quarter of 1990.

On 1 June 1990, Finance Committee was informed that the estimate of the building cost had risen by \$1,928 million compared with the estimate submitted in May 1988. Of this, \$1,208 million was due to increases in building costs. The remaining \$720 million was due to the inadequacies of the original estimate.

The Administration was aware from the start of the need to set a cost ceiling for the project. But arriving at a figure that was a firm and reliable estimate was made difficult by the fact that design and construction had to proceed in parallel in order to keep the project on schedule — the so-called "design-as-you-build" problem. Cost estimates were continuously changing, and it was not until shortly before June 1990 that all the parties concerned were able to reach agreement on a realistic project estimate.

More important than the question of whether the increase in the project estimate represented a cost overrun or an underestimate is the question of whether the public received value for money. Was there unnecessary or wasteful expenditure? The University of Science and Technology was generally built in accordance with the norms and standards recommended by the University and Polytechnics Grants Committee. These standards took account of the special requirements of a university devoted exclusively to science and technology. An undergraduate studying chemical engineering requires more extensive and sophisticated facilities than an undergraduate studying history. There were also a number of non-standard facilities. I am pleased that the Public Accounts Committee has accepted that there were good reasons for these facilities.

Any assessment of cost-effectiveness must include the benefits as well as the costs. Hong Kong's economy is undergoing major structural changes, with a continuing shift from assembly manufacturing to knowledge-intensive industries and high value-added production. Because of the University of Science and Technology, Hong Kong is now better equipped to take advantage of these changes, and to sustain its economic growth in the 1990s and beyond. Investing in the future can be an expensive business but Hong Kong needs institutions like the University of Science and Technology if it is to remain a prosperous and dynamic community.

The Administration has learnt some lessons from this project and for that, it is grateful to the Public Accounts Committee. But, at the end of the day, nothing should detract from what has been achieved: a modern, high-technology and research-orientated university, completed three years earlier than originally planned, within a budget approved by the Finance Committee, staffed by some of the best minds in Asia, and which will benefit Hong Kong for many years to come.

MISS EMILY LAU: *Mr President, a point of elucidation?*

PRESIDENT: Yes, a short question for the purpose of elucidating some part of the statement.

MISS EMILY LAU: *Thank you, Mr President. In his statement, the Chief Secretary said that the central issue examined by the Public Accounts Committee and one that has attracted by far the most attention in the media is the increase in the estimate for the project.*

Mr President, I want to ask whether the Chief Secretary would agree that another issue which also attracted a lot of attention — maybe even more attention than the issue of cost overrun — is the architectural design competition. We spent a lot of time in the public hearing debating it and a lot of time deliberating and then we had a chapter on it. Can the Chief Secretary explain to this Council why in his statement here he has completely ignored that?

CHIEF SECRETARY: I would agree, Mr President, that the issue raised by Miss LAU did attract a fair degree of attention in the media. I would not, however, agree that it was the central issue examined by the Committee.

Oral answers to questions

Chinese children born to Hong Kong residents

1. MR LAU CHIN-SHEK asked (in Cantonese): *According to a survey conducted by the Census and Statistics Department in mid-1991, the total number of children born to Hong Kong residents and living in China is estimated to be 310 200 who, as stipulated by the Basic Law, will automatically have the right of abode in Hong Kong after sovereignty over Hong Kong reverts to China in 1997. In this connection, will the Government inform this Council of the following:*

- (a) *the latest number of such children living in China;*
- (b) *whether assessment has been made of the possible changes in the number of such children in the next few years;*
- (c) *what policies are in place to allow such children to settle in Hong Kong by stages before 1997, so as to avoid a sudden influx into the territory in 1997; and*
- (d) *whether the estimated demand on social services will be adjusted, so that such children can get adequate public services after arrival in Hong Kong?*

SECRETARY FOR SECURITY: Mr President, there is a false assumption in this question which I should like to correct at the outset. Not all children of Hong Kong residents will have the right of abode in Hong Kong on 1 July 1997. Only a person with at least one parent who was a permanent resident of Hong Kong at the time of his or her birth will automatically acquire the right of abode in Hong Kong on 1 July 1997.

The figure of 310 200 is an estimate of all those in China who have at least one parent in Hong Kong. A much smaller number will become Hong Kong permanent residents in 1997. We estimate that this number is approximately 75 000.

This estimate is based on the data available, including records of applications for Certificates of Absence of Marriage, Legal Immigration Statistics and Demographic Statistics. We have also made some assumptions about family size. I would stress, therefore, that this estimate is only an approximation.

We have been considering a number of options to allow such children to settle in Hong Kong by stages before 1997, so as to avoid a sudden influx in 1997. In so doing, we have also been taking into account the impact of any additional immigration into Hong Kong from China on public services, particularly education, health and other social services.

The present system of entry from China on one-way permits is operated by the Chinese Government. I expect that we will be discussing with them shortly the possibility of increasing the one-way permit quota to help to spread the arrival of these children who will acquire the right of abode in 1997.

MR LAU CHIN-SHEK (in Cantonese): *Mr President, the Government's interpretation is based on the definition of children under the Basic Law and they include only those children whose parents were Hong Kong permanent residents at the time of their birth but not all Chinese children of Hong Kong*

permanent residents. Is that only a unilateral understanding of the Hong Kong Government or has a consensus been reached with the Chinese side? If a consensus has been reached, does that mean that as opposed to the Sino-British Joint Declaration and the Basic Law, the two sides have more understanding on this than what has been laid down in the Basic Law? Can the Attorney General indicate from a legal point of view whether the interpretation of Article 24(3), Chapter III of the Basic Law is the same as that mentioned in the first paragraph of the Secretary's reply?

PRESIDENT: I think the first part of the question is readily understandable. I am not sure if the last requires a cross-referencing, Secretary.

SECRETARY FOR SECURITY: Mr President, I think I can answer the question. I think that Mr LAU is referring to Article 24(2) and (3) of the Basic Law. Yes, we have reached a preliminary agreement on the interpretation of that section with the Chinese and that is the interpretation that I mentioned in my main answer whereby one parent must have had the right of abode in Hong Kong at the time of the child's birth.

MR ALBERT CHAN (in Cantonese): *Mr President, in the fourth paragraph of his answer, the Secretary mentioned that such children would be allowed to settle in Hong Kong by stages, so as to avoid a sudden influx in 1997. But to my understanding, many Chinese mainlanders who come to settle in Hong Kong tend to live in old districts and in old tenement buildings and this leads to a shortage of social facilities, including education, health care and social welfare services in these districts. If there is a sudden influx in the future, the shortfall of such facilities in these districts will certainly be more acute. May I ask how the Administration is going to plan ahead against a sudden influx so as to evenly spread the arrival of these people among different districts or to attract them to live in different districts?*

PRESIDENT: Mr CHAN, we are still talking about the children. Is that right, not generally?

MR ALBERT CHAN (in Cantonese): *Mr President, I am mainly referring to the children because they need education service.*

PRESIDENT: Secretary, are you able to answer?

SECRETARY FOR SECURITY: Yes, Mr President. I think, first of all, I would repeat that it is our objective to try to phase in this additional immigration commitment between now and 1997 and indeed after 1997. There obviously will be some additional commitments in terms of education and other services, but those commitments will be much easier to meet if the influx is phased in an orderly way rather than if it arises in one sudden mass in 1997. So I think the way in which we intend to meet the demand for services which this immigration commitment will cause is, first of all, to phase it in. We have estimated what the likely additional commitment as regards services is likely to be. It will require some additional expenditure, but we believe that the commitment can be met without any derogation of existing services.

CHIEF SECRETARY: Could I just add, Mr President, to emphasize the point that the Secretary has just made? We are very intent on ensuring that this commitment does not in any way impinge upon the services presently provided or any which have been promised in the Governor's address in terms of education or in terms of social services. We will honour the promises that have been made. Thank you, Mr President.

MR HENRY TANG: *Mr President, I am somewhat confused by the second and third paragraphs of the Secretary's reply as to how he consolidates the figure of 310 000 down to 75 000. Considering that there are 310 000 of those children who have at least one parent in Hong Kong, the only logical conclusion I can draw is that nearly 240 000 of the parents are not Hong Kong permanent residents. Would the Secretary give me some help as to how he arrived at 75 000 from 310 000?*

SECRETARY FOR SECURITY: Mr President, I think perhaps I should offer to give a reply in writing. (Annex I) This was an exercise done by professional statisticians and I think that I would have to ask them for some help in setting out the assumptions and calculations. But I think essentially what we are saying is that of those 310 000 children in China who have at least one parent resident in Hong Kong, we estimate that only 75 000 had a parent who was permanently resident and with the right of abode in Hong Kong at the time of their birth.

DR CONRAD LAM (in Cantonese): *Mr President, the Secretary said in the fifth paragraph of his reply that the Administration would be discussing with the Chinese the possibility of increasing the one-way permit quota. May I ask the Secretary whether the quota given is at the discretion of the Hong Kong Government, the Chinese Government or the two Governments through negotiations?*

SECRETARY FOR SECURITY: Mr President, the one-way permit system is operated by the Chinese authorities and they issue the permits. But it would be our intention, if we discuss this matter with them, that we should propose that they should make special arrangements for the children who will have the right of abode in Hong Kong after 1997.

MR MICHAEL HO (in Cantonese): *Mr President, recently I have heard that the Administration is conducting a study on the impact of the arrival of these people on our education, health care and social welfare services. Can the Administration inform this Council whether the Security Branch and the relevant policy branches are conducting such a study and will the report of the study be published and if so, when?*

SECRETARY FOR SECURITY: Mr President, yes, we have considered the impact and the commitment the various options for phasing in the arrival of these 75 000 will have on our education and other services. And as I said, we do need to discuss the arrangements first with the Chinese authorities because they operate the one-way permit system. I hope that we will be able to do that in the reasonably near future and then to make an announcement, but I cannot, I am afraid, put a firm date on it at this stage.

MR TAM YIU-CHUNG (in Cantonese): *Mr President, it was mentioned in the second paragraph of the main reply that according to estimate, the number of these children was about 75 000. If the quota for one-way permit only increases slightly, and all these children under the quota cannot come to Hong Kong by phases before 1997, will there be a sudden influx after 1997 or will they flock to Hong Kong through illegal means?*

SECRETARY FOR SECURITY: Mr President, I think it is difficult to answer a "what if" question of that nature. But I would repeat that what we are intending to do is to try to find a means of phasing in the arrival over the next four or five years of the great majority of this estimated 75 000 children, and so to avoid a sudden influx at any one time.

Industrial accidents on ACP projects

2. DR TANG SIU-TONG asked (in Cantonese): *In view of the mishap at the construction site of the Tsing Ma Bridge, which is one of the Airport Core Programme Projects, when a crane collapsed on 13 April this year, claiming the lives of two persons, will the Government inform this Council of:*

- (a) *the number of industrial accidents that have occurred in connection with the new airport projects and the number of deaths and injuries involved therein; and*
- (b) *the measures that have been taken by relevant departments to reduce the hazards of industrial accidents in connection with the new airport projects?*

SECRETARY FOR WORKS: Mr President,

- (a) Up to 30 April this year there were 501 industrial accidents on ACP projects in which three workers were killed and 499 were injured.

The overall industrial accident rate of ACP projects is about 90 per 1 000 workers per year and the fatal accident rate is 0.54 per 1 000 workers per year. For comparison, the corresponding rates for other current public works contracts up to the end of 1992 are roughly 99 and 0.71.

- (b) The following measures have been taken by the Government to reduce the hazards:

- (i) The issue of ACP Construction Safety Manual

In 1992, the Works Branch with the assistance of the Labour Department issued an ACP Construction Safety Manual. This was distributed to all parties involved in ACP projects including the works departments, consulting engineers, contractors and the workers unions. The manual states, in detail, those requirements which will ensure the best safety practices being used for ACP.

- (ii) The formation of the Construction Safety Steering Committee

This committee which is chaired by myself is known as the ACP Construction Safety Steering Committee. It provides policy guidance to address ACP wide construction safety issues. Its members include relevant government departments (for example, Labour Department, Fire Services Department and works departments) as well as non-government bodies such as the Provisional Airport Authority and the Mass Transit Railway Corporation. The committee receives reports and recommendation from full-time safety experts, who are in contact with ACP contracts on the ground.

- (iii) The formation of Safety Management Committee and Safety Committee

On each ACP site, such committees monitor the implementation of safety measure and a Site Safety Committee provides a formal forum for contractor's management to discuss construction safety issues with those at working level.

- (iv) Formation of Safety Management Unit in the Works Branch

This unit has been established in Works Branch to visit and regularly audit ACP sites and their safety standards. Reports are seen by myself and the relevant works directors, and direct action is taken with their support whenever necessary.

- (v) Choosing contractors who give proper consideration to construction safety

At prequalification and tendering stages, past performance and commitment to construction safety is an important criteria in the selection process.

- (vi) Safety requirements in the ACP contracts

These requirements are detailed and incorporated to ensure that adequate safety obligations are identified. The tender evaluation process takes into account the contractors' proposed manner of discharging these safety obligations if awarded the contract.

- (vii) Safety courses

Safety courses have been organized on accident prevention. Safety management training courses for site staff supervising ACP contracts have also been organized.

- (viii) Database

A reliable database for construction accidents on ACP sites is being compiled to facilitate the monitoring of accident rates, but particularly to analyse the causes of accidents and formalize measures to prevent such accidents.

(ix) A special safety team under Labour Department

A special safety team under Labour Department has been created and specially tasked with work safety for ACP projects since 1992. Its main duties are:

- (1) to enforce safety legislation;
- (2) to investigate complaints on site safety;
- (3) to further provide safety training to site staff;
- (4) to investigate serious or fatal accidents;
- (5) to help establish and monitor the performance of site safety management committees; and of course,
- (6) to provide advice on construction safety and health matters to the Works Branch, the departments, the New Airport Projects Co-ordination Office, the Provisional Airport Authority and the MTRC.

DR TANG SIU-TONG (in Cantonese): *Mr President, according to information available, a working group was set up in 1991 to draw up new legislation to control the safety of crane operations. May I know its progress and the measures the Administration has to prevent the recurrence of incidents similar to the one happened on 13 April?*

SECRETARY FOR WORKS: Mr President, yes, the Government does have plans to further control the safety of crane operations. It is now amending the Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations. These main amendments include:

1. the compulsory employment of certified, trained and competent crane operators;
2. specification in clear terms of the qualifications of competent examiners;
3. provision of a more precise legal definition of "competent";
4. mandatory installation of automatic safe load indicators on cranes; and also,
5. increasing the frequency of examination of cranes.

As far as the accident which occurred at Tsing Ma is concerned, the findings and recommendations are still under detailed investigation. The Labour Department has completed a preliminary investigation and we are awaiting the results of metallurgical examinations from experts. Where we can, the findings which have been identified to date are certainly being made known throughout the ACP contracts, and indeed all construction contracts, to ensure that if there were to be any similarities, action would be taken accordingly.

MR STEVEN POON (in Cantonese): *Mr President, in paragraph (b)(v) of the reply, the Administration said that contractors' past record would be an important criteria in the assessment or selection process. We understand however that very often these projects are not carried out by the principal contractor but by subcontractors or sub-sub-contractors. When an accident occurs, very often it is hard to find out for whom these people work. Has the Administration considered requiring all workers working on airport sites to register before they enter the site and to produce proof that they have a good safety record and that they understand and have knowledge about site safety? If the answer is in the negative, can the Administration inform this Council how it can ensure that workers entering the site do know what site safety is?*

SECRETARY FOR WORKS: Mr President, the examination of main contractors' performance is just a first step in the process of identifying those contractors who have a good safety record as against those who may not. Of course, a good safety record by itself means that that main contractor's management of his subcontractors, and indeed of his subcontractor labour suppliers, must have been adequate to produce that degree of performance. The methods that he proposes to employ for a contract that he is tendering under the ACP would also be part of the method specification which he submits with his tender and which is subjected to expert scrutiny during the tender assessment process.

So far as individual workers and management are concerned, training courses are conducted with the assistance of the Labour Department and with the support of the unions. The safety message is being conveyed to individual workers, and under an ACP contract workers are taken through an induction course where aspects of labour safety particular to that contract are brought to their attention.

MR LAU CHIN-SHEK (in Cantonese): *Mr President, the industrial accident rate of new airport projects was as high as 90 per 1 000 workers last year, much higher than the original estimate of 60 per 1 000 workers and this represents a 50% increase. The projection of fatal accident was zero but now the figure was three. Will the Secretary indicate whether the measures referred to in paragraph (b) of the reply were aimed at those target objectives? Does the*

Administration have any contingency measures to reduce the number of industrial accidents?

SECRETARY FOR WORKS: Mr President, the Honourable Member is perfectly correct in stating that we are not achieving our target objectives of 60 and zero, as he has indicated. I do not wish to offer excuses in this forum, but I would say that we are not satisfied with the present rate of industrial accidents on ACP contracts, even though, as I have indicated, these are better than for our Public Works Programme contracts and they are significantly better than what is achieved overall in Hong Kong when one takes into account both public and private construction endeavours. But we are certainly not satisfied, and we are certainly intending to do everything possible to bring our rates down to our target figure.

As a further step, we will be introducing a Safety Award Scheme this month with the support of all contractors, the unions and other components of the Hong Kong construction industry to drive home, we hope, the safety message.

Non-emergency ambulance service

3. DR LEONG CHE-HUNG asked: *As plans are being made for the Hospital Authority to take over from the Fire Services Department part of its non-emergency ambulance service, will the Administration inform this Council which part and what percentage of the service is proposed to be taken over; and what are the implications of the take-over in terms of cost, administrative arrangements, and the level and quality of the service?*

SECRETARY FOR SECURITY: Mr President, Hospital Authority patients are the main users of the non-emergency ambulance service currently provided by the Fire Services Department. They constitute about 90% of non-emergency calls. As I said in my reply to a question on this subject in this Council on 24 February this year, the Fire Services Department will gradually withdraw from the provision of a non-emergency ambulance service. This will enable the Department to make better use of its resources and to focus on its primary role as the provider of emergency services.

Under the proposed new arrangement, the Hospital Authority has agreed to contract out this service for its patients in stages, starting with Hong Kong Island on 1 October this year, Kowloon on 1 January 1994 and finally the New Territories on 1 April 1995.

The remaining 10% of non-emergency ambulance calls are for patients referred by the Department of Health and the Social Welfare Department for transfer to clinics or hospitals. The Fire Services Department will continue to

provide this service until a suitable organization has been identified to take it over.

With the implementation of the new arrangement, financial provision to the Fire Services Department will be reduced in stages to enable it to continue to maintain its existing level of emergency services and the remaining non-emergency ambulance service. Sufficient resources will, at the same time, be made available to the Hospital Authority to enable it to take up the non-emergency service in stages. Since a non-emergency ambulance service does not require the highly trained staff, the specialized vehicles and the sophisticated equipment currently provided in Fire Services Department ambulances, the new arrangement will eventually result in some cost savings. It is proposed to use part of these savings to expand the paramedical services of the Fire Services Department to upgrade the standard of on-the-spot care provided for patients in emergencies.

The Hospital Authority will make its own arrangement to receive, and to respond to, non-emergency calls from its patients. The Communication and Control Centre of the Fire Services Department will maintain its command and control of ambulances for emergency calls and for the remaining 10% of non-emergency calls.

DR LEONG CHE-HUNG: *Mr President, is the Administration aware of the fact that the Hospital Authority intends to cater only for non-emergency calls authorized by the Hospital Authority's staff only? And is the Administration aware of the fact that a fair percentage of the so-called non-emergency calls, on a day to day basis, are made by the private sector or by patients themselves? Could the Administration therefore inform this Council how these non-emergency calls will be catered for and can the Administration assure this Council that non-emergency ambulance services will be available to all, irrespective of being authorized by the Hospital Authority or otherwise?*

SECRETARY FOR SECURITY: Mr President, as I said in my main answer, I believe that Hospital Authority cases account for 90% of non-emergency cases. This was the conclusion of a survey which was conducted earlier this year. The remaining 10% of non-emergency calls contain a number of different cases, some initiated by the Social Welfare Department, some initiated by the Department of Health and some initiated by private hospitals and some direct from members of the public, but in total these only amount to 10%. And as I said in my main answer, the Fire Services Department will continue to provide a non-emergency service for all these 10% of cases until we are able to identify some other suitable way of meeting the demand.

MR STEVEN POON (in Cantonese): *Mr President, the services of the Fire Services Department always give one the impression that they are "fast and*

efficient". Now that the ambulance service is to be taken over by the Hospital Authority and will be contracted out to some unknown parties, will this make one feel that efficiency and speed will suffer? Will this new arrangement be subject to the monitoring of the Administration so as to ensure that the standard of service provided for patients will not be lowered?

SECRETARY FOR SECURITY: Mr President, I certainly hope and believe that the efficiency of the service will not suffer. Indeed, I would think that it should be possible to improve the service. Inevitably, at the moment, non-emergency calls have to take second place to the emergency calls of the Fire Services Department, and this often means that people waiting for a non-emergency transfer by ambulance have to wait for quite some time. A dedicated service operated by the Hospital Authority should be, I believe, at least as efficient and provide at least as good a service to the public. But that is something that we will of course monitor.

MR TIK CHI-YUEN (in Cantonese): *Mr President, may I ask the Secretary whether the takeover of the non-emergency ambulance service of the Fire Services Department by the Hospital Authority is an ad hoc measure or a long-term one? If it is an experimental one, will the Fire Services Department resume the role it plays if difficulties are encountered?*

SECRETARY FOR SECURITY: Mr President, this is intended to be a permanent transfer, in stages, of the great majority of the non-emergency service to the Hospital Authority. As I have said though, we still have not found a suitable alternative to the Fire Services Department for the remaining 10% of cases which are not Hospital Authority cases. But we are continuing to consider how we will meet that in future.

MR TAM YIU-CHUNG (in Cantonese): *Mr President, will fees be charged for the non-emergency ambulance service provided by the Hospital Authority; and how many vehicles and how much manpower are involved when the new service, starting with Hong Kong Island, is in operation on 1 October 1993?*

SECRETARY FOR SECURITY: Mr President, I think that these matters are somewhat outside my purview. I will have to either give a written answer to those or ask the Secretary for Health and Welfare to give a written answer.

MR FRED LI (in Cantonese): *Mr President, are there measures in hand to relieve the ambulance staff of the Fire Services Department from the anxieties of job transfer because under this new arrangement, they may be required to transfer to other posts?*

SECRETARY FOR SECURITY: Mr President, it is not envisaged that any staff of the Fire Services Department will be made redundant or will be transferred to the Hospital Authority. The phasing of the takeover for the next two years will enable normal wastage through retirement, resignation and so on to take care of the necessary vacancies, and recruitment will be adjusted accordingly. We do not think that there will be any redundancies.

DR PHILIP WONG: *Mr President, can the Secretary please tell us what the definition of a non-emergency versus an emergency service is?*

SECRETARY FOR SECURITY: Mr President, yes. Emergency services are normally provided in response to "999" calls. They cover all cases where a person requires immediate transfer to a hospital for urgent treatment or investigation and they also cover the transfer of patients who are CASEVACED or MEDIVACED out by helicopter or launch from offshore clinics.

Non-emergency services, on the other hand, cater mainly for patients who have difficulty in using public transport to travel between home and hospital or between different hospitals for treatment but where the treatment required is not of an emergency or acute nature.

MR MICHAEL HO (in Cantonese): *Mr President; will the Administration inform this Council of the way in which the manpower, vehicles and funds required for the takeover of the ambulance service by the Hospital Authority have been calculated? Moreover, after the takeover, in the light of the resources available, does it mean that service will only be maintained at the present level, that is, requiring a waiting time of three to five hours?*

SECRETARY FOR SECURITY: Mr President, yes, to the last question. The way in which the resources which will be allocated to the Hospital Authority have been calculated is to enable them to maintain the present level of service but not necessarily with the same sophisticated vehicles, equipment or the same highly trained staff because those are not necessary for non-emergency services. Therefore, as I said in my main answer, I expect that in the end, when the whole service is transferred, there will be some residual savings.

Provision of medical clinics in housing estates

4. DR CONRAD LAM asked (in Cantonese): *Will the Government inform this Council whether it is aware of any comments recently made by the public relating to the weaknesses of the existing policy of the Housing Authority on the provision, letting, control and reprovisioning of medical clinics? And if so,*

what the comments are and whether the Government is aware of the action, if any, taken by the Housing Authority in response to such comments?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the Housing Department has reviewed both representations made direct to the Housing Authority and media coverage on the subject over the past six months. One short report and commentary on the allocation of estate clinics and reviewing the system in one Chinese newspaper has come to light.

Despite the lack of much public comment on the subject, the Housing Authority keeps the policy on the provision, letting, control and reprovisioning of medical clinics in public housing estates under regular review. The most recent review was conducted in late 1992. As a result, on the recommendation of the ICAC, the Authority decided to continue to allocate new and vacant premises by balloting through the Estate Doctors Association, subject to improvements to the balloting system and stricter tenancy control over the operation of the clinics. The institution of these improvements seems to have attracted very little feedback so far.

DR CONRAD LAM (in Cantonese): *Mr President, I refer to the complaints I received recently that though the number of doctors in Hong Kong is increasing, the ratio of clinics to population in public housing estates is decreasing, from 1:6 000 in 1967 to between 1:7 500 and 1:10 000 at present. Could the Administration inform this Council why the Housing Authority does not look at the market supply and demand and amend its policy which in the eyes of the public only facilitates the operation of the Housing Department but is unreasonable in itself?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, as I said in my main answer, the question of provision of clinics has been the subject of review by the Housing Authority. The current system was introduced in 1967, it was reviewed in 1981, it was reviewed again in 1991 and, as I have already mentioned, there was a further review last year. The original ratio was one clinic to 6 000 people. This has been adjusted since 1981 to a ratio of one clinic to between 7 500 and 10 000 people, and the means of providing premises for doctors is through a balloting system among members of the Estate Doctors Association. The question of market demand has been considered and, I believe, rejected by the Housing Authority and the Estate Doctors Association because of a fear that it would result in increasing costs of medical services to residents of estates.

DR LAM KUI-CHUN (in Cantonese): *Mr President, in the second paragraph of his reply the Secretary mentioned that the ICAC had made recommendations. Could the Administration inform this Council of the reasons the ICAC made recommendations?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I believe that the ICAC, as a matter of performance of its normal functions, is involved in the making of arrangements of this kind with many government departments, including the Housing Authority and Housing Department. If my memory serves me correctly, glancing as I am at these notes, there was a requirement introduced as a result of ICAC recommendation that in order to ensure that doctors of the Association seeking to take up premises were actually intending to do so, they should, if they were making a tender or being balloted, put down a deposit of, I believe, one month's rent to establish a *bona fide* interest in that particular exercise.

MR TIK CHI-YUEN (in Cantonese): *Mr President, in a public housing estate in Tai Po, it was originally planned that it would be served by three clinics. However, after a lapse of one year, it was found that two of them were not operational yet. Does the Administration consider it necessary to improve the existing allocation system by speeding up its allocation process so that the service needed will be provided as soon as possible?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, it will not surprise Members that I am not aware of that particular case. But I shall certainly bring it to the attention of the Housing Authority to see what their reaction to this report is.

DR LEONG CHE-HUNG: *Mr President, I am still a bit confused about the Secretary's reply that whilst the number of doctors in Hong Kong is increasing, yet the ratio of population to doctors in the housing estates is increasing. In other words, a doctor is being asked to look after more people in the housing estate. Why is this policy being implemented and are there any plans for the Housing Authority to increase clinics or doctors in the housing estates so that more patients can benefit?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, as I understand it, the system that operates is that members of the Estate Doctors Association are able to ballot for available clinic premises in the estates. I also understand that the Estate Doctors Association is such that anybody can join. If, on the basis of the membership of the Estate Doctors Association, there was clearly a greater interest in balloting for clinic sites in housing estates, then I am sure that the Housing Authority would take that fact

into account in one of its regular reviews of this system. Apparently, this was not a factor in the review conducted late in 1992.

DR LEONG CHE-HUNG: *Mr President, I do not think the Secretary has answered my question which is: Is it not the Government's policy that it would be better for a doctor looking after less population than an increasing number of population, since there are actually more doctors now in Hong Kong?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: I would not disagree, Mr President, with that statement. But I think the question of the provision of services in housing estates of various kinds, including the provision of clinics, is a matter which the Housing Authority has as one of its concerns and which it reviews regularly. And I think that since the Housing Authority has conducted a review within the last six months or so, there is no doubt in my mind that the Housing Authority would have considered the factors involved in the provision of this service very thoroughly. But I think, as a result of this afternoon's question, it is possible that the Housing Authority will consider it appropriate to carry out a further review.

DR CONRAD LAM (in Cantonese): *Mr President, I cannot understand the point made by the Secretary in response to my supplementary question. He said that according to market supply and demand, that would result in increasing costs of medical services to the residents. As far as I know, many doctors have the intention of running clinics in public housing estates, but such premises are not made available to them. If there are more clinics, there will be healthy competition. Residents should pay less as a result and will the Secretary enlighten me as to why they have to pay more?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I think the question of the provision of clinics in housing estates is one which the Housing Authority has very much under regular review. I believe that if there are questions of economics, supply and demand, higher or lower fees to be considered, then the Housing Authority is the authority that should consider them, and I propose to invite the Housing Authority to give this matter further consideration.

Fire prevention in industrial buildings

5. MR CHEUNG MAN-KWONG asked (in Cantonese): *In view of the recent fire in a toy factory in Thailand which resulted in heavy casualties and property losses, will the Government inform this Council:*

- (a) *what fire prevention measures are adopted in industrial buildings in Hong Kong, and whether there are regular fire drills; and*
- (b) *whether from the information available, the Administration has learnt any, and if so, what lessons from this incident to avoid similar tragedies happening in Hong Kong?*

SECRETARY FOR SECURITY: Mr President, industrial buildings, like all other buildings in Hong Kong, must comply with structural and fire safety requirements, imposed under the Buildings Ordinance, before the issue of an occupation permit. To ensure that fire service installations and equipment are maintained in good working order after occupation, owners of buildings are required under the Fire Services (Installations and Equipment) Regulations to maintain the installations, and to employ registered contractors to inspect and certify them annually. Regular inspections are carried out by the Fire Services Department to ensure that this is done.

Fire safety within factory premises is the responsibility of the Labour Department. There are regulations under the Factories and Industrial Undertakings Ordinance setting out detailed requirements to ensure fire safety in factories. Regular inspections are carried out by the Labour Department to ensure compliance with these and other industrial safety requirements.

Fire drills are carried out in factory buildings, encouraged and assisted by the Labour Department and the Fire Services Department. The Fire Services Department has also been organizing regular lectures on fire prevention and protection measures as part of its fire prevention campaign for industrial workers.

As regards the toy factory fire in Bangkok on 11 May, the Thai authorities are still conducting their investigation into this tragedy. The Fire Services Department has requested a copy of their investigation findings once completed. Initial reports indicate that three factors may have contributed to the fatalities caused by the fire. First, exits in the factory were locked at the time of the fire; second, the fire alarm system in the building was defective; and third, the factory building was structurally weak and collapsed shortly after the fire broke out.

Given our safety requirements for industrial buildings, and enforcement of safety standards through regular inspections, it is highly unlikely that a similar situation could arise in Hong Kong. The Labour Department already takes action to inspect factories, concentrating on fire exits, passage-ways and fire safety installations. The Fire Services Department is continuing its inspections in industrial buildings to ensure that common corridors and exits are not blocked, and to remind factory owners to observe the necessary precautions in the use of inflammable substances.

MR CHEUNG MAN-KWONG (in Cantonese): *Mr President, given that many foreign companies have their factories in Hong Kong and very often the persons responsible are foreign nationals who may even be residing abroad, will the Administration inform this Council, in the event of disasters like fires in these foreign-owned factories here where human error is to blame, then who should be held responsible, especially when there is no extradition agreement between Hong Kong and the foreign country concerned? Does the factory operator of foreign concern have any legal or criminal responsibility in such circumstances and if so, to what extent?*

PRESIDENT: How does that seek to elucidate the main answer, Mr CHEUNG?

MR CHEUNG MAN-KWONG (in Cantonese): *Mr President, yes, it does.*

PRESIDENT: Explain how it seeks to elucidate the main answer, Mr CHEUNG.

MR CHEUNG MAN-KWONG (in Cantonese): *Mr President, it does seek to elucidate. My question is: What lessons did the Government learn from the toy factory fire in Thailand? In law, there is no extradition arrangement between the Hong Kong and Thai Governments, so even if the Thai Government wants to take action against or ascertain the liability of the factory operator concerned, it may not be able to do so. Likewise, if accidents do occur in foreign-owned factories here and even if the Hong Kong Government asks them to come here for investigation or legal proceedings, they are not obliged to come and so can evade legal responsibility. Thus we should learn a lesson from this. May I ask how the Government is going to plug this loophole?*

SECRETARY FOR SECURITY: Mr President, I am not aware that there is a loophole in the law in Hong Kong. I believe that the factory operator would be responsible, but perhaps this is a matter on which I would have to take further legal advice.

PRESIDENT: Will you provide a written answer?

SECRETARY FOR SECURITY: Sorry, yes, Mr President. (Annex II)

MR MOSES CHENG: *Mr President, in the fifth paragraph of the answer, the Secretary seems to be suggesting disparity between the safety standards applicable in Thailand and those applicable here in Hong Kong. If so, what are*

these differences that lead to the Secretary's conclusion that it is highly unlikely that a similar situation could arise in Hong Kong?

SECRETARY FOR SECURITY: Mr President, fire safety and building requirements are very stringent. We have a very good system of inspection to ensure that all the requirements are adhered to and our fire safety record in general terms is extremely good. Hong Kong compares very favourably with other comparable high rise cities both in terms of fires per population and in terms of casualties. For example, we have far fewer fires or deaths or casualties from fires than London, New York or Tokyo.

MR MOSES CHENG: *Mr President, with respect, I do not think that the Secretary is answering my question. I was asking whether he is suggesting that there is disparity between the safety requirements in Thailand and those in Hong Kong. If there is none, then he can simply tell me that there is none.*

PRESIDENT: You see, Mr CHENG, the question has got to be directed to a public matter for which this Administration is responsible. I do not think you can really ask the Secretary to comment on standards out of Hong Kong.

MR MOSES CHENG: *No, Mr President, I was not asking for comment. I was asking for comparison because in the fifth paragraph of the answer the Secretary seems to be suggesting that there are differences between the two sets of standards, one applicable to Thailand and the other applicable to Hong Kong. I was seeking elucidation on whether there are differences between the two sets of standards, as that would seem to have been suggested in the fifth paragraph of the answer.*

PRESIDENT: I think the Secretary has sufficiently answered within Standing Orders, Mr CHENG.

MR TAM YIU-CHUNG (in Cantonese): *Mr President, has the Secretary left out one factor in his answer, that is with the operations of many factories moving away from Hong Kong in the past ten years, in particular that of the toy industry, the use of many of these industrial buildings has in fact been changed and in such situations the risk of fires has substantially been reduced?*

SECRETARY FOR SECURITY: Mr President, it is true that the use of industrial buildings in Hong Kong is gradually changing, and certainly I think that we see less intensive use of industrial buildings and therefore less blocking of the corridors and exits and common parts of a building with storage of

industrial goods. That still does occur; it is still something which both the Fire Services Department and the Labour Department do have to inspect in order to prevent and do have to prosecute for. But in general terms I think the less intensive use of industrial buildings is also a factor which points to less breaches being committed these days of the regulations.

MR ALBERT CHAN (in Cantonese): *Mr President, this is a follow-up to Mr CHEUNG Man-kwong's question. We have similar questions in mind and I hope Mr President would allow me to ask it. It is mentioned in the fourth paragraph of the Secretary's reply that the Thai authorities are still conducting their investigation into the incident. However, it is learnt that the factory where the fire broke out concerns some factory operators and businessmen in Hong Kong. Will the Administration inform this Council whether the Hong Kong Government will assist the Thai authorities in their investigation and how?*

PRESIDENT: I think you will have to try to show a link as Mr CHEUNG did between the original answer and your supplementary because I do not think I see it at the moment, Mr CHAN.

MR ALBERT CHAN (in Cantonese): *Mr President, in the fourth paragraph of his reply, the Secretary has mentioned that the Thai authorities are still conducting their investigation into the incident. But they may not be able to complete their investigation, possibly due to the fact that some people concerned are not in Thailand but in Hong Kong. If the Government is to learn from the incident, it should offer assistance so that investigation can be completed, and Hong Kong will benefit from it. May I know whether the Hong Kong Government will and how it will assist the Thai Government in their investigation from which we can learn a good lesson?*

SECRETARY FOR SECURITY: Mr President, the investigation of the fire is obviously a matter for the Thai authorities. We have not received any request for assistance from them. If they did make such a request then obviously we would consider it.

PRESIDENT: The next question may raise a potential conflict of interest with my being a director of the Hong Kong Bank. I shall step down and ask Mrs TU to take the Chair for this question.

PRESIDENT'S DEPUTY, MRS ELSIE TU, took the chair.

Bank handling charges on cash deposits

6. MR MAN SAI-CHEONG asked (in Cantonese): *There is public concern over the imposition of handling charges by banks at present on cash deposits exceeding a specified amount as undue inconvenience has been caused to members of the public who, being reluctant to pay such unreasonable charges, have to go to several banks to place cash deposits within the specified amount. Will the Government inform this Council:*

- (a) *whether it is aware of the rationale behind the banks' move to collect handling charges from their customers; and*
- (b) *whether it will consider urging the banks to withdraw this measure so as to protect the consumer rights of depositors?*

SECRETARY FOR FINANCIAL SERVICES: Madam deputy,

- (a) The Administration is aware that consumer concerns have been expressed about the practice of some banks imposing handling charges in certain circumstances on cash deposits exceeding specified amounts. The Administration is also aware that the subject has been discussed between the Consumer Council and the Hong Kong Association of Banks.

We understand that the reason for the charges is to recover the administrative costs involved in handling large amounts of bank notes, which may involve no corresponding generation of income. In practice, however, it appears that typically only a very small proportion of total cash deposits attract any charges.

- (b) The Administration considers it should, wherever possible, avoid interference with commercial decisions which generally are best left to the market. Charges for services rendered are commercial decisions and banks in Hong Kong are free to set their own scale of charges to meet their own requirements. Consumers are equally free to choose their own banks. Consumer rights are a matter best left to the Consumer Council to pursue.

MR MAN SAI-CHEONG (in Cantonese): *Madam deputy, in his reply the Secretary says that consumers are free to choose their own banks. However some banks have time and again lowered the specified amounts of cash deposits on which handling charges are imposed, and in this way more and more depositors are affected. As banks are getting meaner and meaner in the terms they set for charged services, these have a wide impact on bank depositors. For example in some banks, a charge is levied on any deposit of \$10,000 or more made within the same day, which means that even the money deposited by*

housewives at the beginning of a month cannot be exempted from charges. Will the Administration take any positive measures, like issuing directives to banks or seeking co-operation between the Hong Kong Association of Banks and the Consumer Council in order to rectify such unfair situations?

SECRETARY FOR FINANCIAL SERVICES: Madam deputy, the first point is that I think it should be borne in mind that the proportion, as I have mentioned in my main answer, of all cash deposits that attract these charges is very low indeed. It is less than 1% and there is in fact a more than adequate comparative basis among the banks for competition. There are 167 banks in Hong Kong, 40 of which have retail outlets. There is no uniformity of practice between them with regard to these charges and therefore there is scope for consumer choice. Nor is there any guidance from the Hong Kong Association of Banks as to the practice that banks should follow in this respect. So the market forces are in fact able to operate freely with regard to these charges.

MR ROGER LUK: *Madam deputy, before I ask the question I also have to declare an interest as a senior executive of Hang Seng Bank. Is the Administration aware that special arrangements and exemptions are already offered by banks to customers who have to make substantial cash deposits regularly by virtue of the nature of their business?*

SECRETARY FOR FINANCIAL SERVICES: Madam deputy, the Administration takes the view that the reasons for these charges are in fact purely commercial and it is up to the banks to decide whether they wish to levy them in respect of the customers whose activities give rise to the charges, or whether to spread them across the generality of their customers. I say that because the consumer interests in this respect are not just the interests of those who are actually making the deposits. They are in fact in conflict with the general interests of all the customers of the bank. If the banks were to withdraw these charges and to in effect absorb them, then the effect of that would be to pass them on to all their other customers. The question then arises as to whether those other customers should really be subsidizing the activities of a relatively small number of large cash depositors.

MR MARVIN CHEUNG: *Madam deputy, can the Administration please advise whether one reason for these charges is the losses which banks will have to incur when they redeposit the funds with other banks because of the arrangements under the exchange peg policy, and if so, whether the Government would investigate how these losses suffered by the banks might be avoided so that they would not need to pass these charges on to customers?*

SECRETARY FOR FINANCIAL SERVICES: Madam deputy, the main question concerns handling charges, not charges imposed for other reasons. It is true, though, that this particular subject has been raised by the Consumer Council with the Hong Kong Association of Banks. But I would draw attention to the fact that the proportion of cash deposits attracting these charges is extremely low and that is not consistent with a more generalized rationale for these charges. Moreover, that explanation has not found a place among the reasons advanced by the Hong Kong Association of Banks for imposing the charges. Those reasons were the additional administrative costs involved in handling large amounts of cash, including such matters as security, storage, insurance, transportation and particularly teller time. Secondly, some bank branches are being used as temporary convenience by some customers who take advantage of the convenient location of a particular branch to make regular cash deposits during the course of the day of quite large sums and then before the end of the day transfer those sums out by cashier's order to another bank and that means in effect that the banks which are going to the expense and the trouble of receiving the notes are not actually having any revenue generating opportunity from the resulting deposits. It is quite understandable in those circumstances that they would wish to charge a fee. Finally, there is also the practice of some customers making frequent cash deposits without their passbook and that also adds to the cost of processing of transactions. Those were the reasons that have been advanced by the Hong Kong Association of Banks; they did not include the reasons stated by Mr Marvin CHEUNG.

REV FUNG CHI-WOOD (in Cantonese): *Madam deputy, besides customers who make cash deposits exceeding certain amounts, those who deposit notes of small denomination are also subject to charges. Can the Administration advise whether such practice is reasonable? The Secretary said that the matter should be left to the Consumer Council to pursue, but the Consumer Council does not have the authority to monitor such practices. Has the Secretary discussed with the Hong Kong Association of Banks on this particular issue?*

SECRETARY FOR FINANCIAL SERVICES: On the first point, Madam deputy, I would think it unlikely that banks that are conscious of their relationship with their customers and the competitive dangers of the erosion of their customer base would wish to expose themselves to problems of losing customers by charging excessively on very low sums. And certainly that has not been mentioned in the dialogue between the Administration and the Hong Kong Association of Banks. When it came up between the Consumer Council and the Hong Kong Association of Banks the Association expressed some considerable surprise about it. So I think it is far from clear that that is an actual practice that is going on and in any case it is one that would be controlled by the competitive forces of the market.

As regards the Consumer Council and whether or not it has teeth, the Council nevertheless has a very valuable role to play in this context. It can by working with the Hong Kong Association of Banks improve the transparency of banks with regard to their charging practices so that customers will be aware of the charges before they actually incur them. It has a very powerful tool at its disposal in terms of exposure and publicity and the importance of information as a catalyst to change should not be underestimated. Also it would be entirely appropriate for the Consumer Council, if it wished to do so, to compile and disseminate to consumers comparative information about charging policies and other fees and charges that are imposed by banks so that they can make an informed choice between the banks. That in itself would help the operation of the market.

MR RONALD ARCULLI: *Madam deputy, the linked exchange rate sets the Hong Kong dollar at \$7.80 to one US dollar. If a bank gets US dollar back from the Exchange Fund, it can only sell it in the market at HK\$7.73 or thereabouts. Is the Secretary saying that the difference of \$0.07 plays no part at all, whatsoever, in the "handling charges" — and I use those words in inverted commas — charged by the banks?*

SECRETARY FOR FINANCIAL SERVICES: Madam deputy, I did not actually say that. What I said was that it was not among the reasons which have been advanced, and of which the Administration is aware, for the imposition of handling charges. And handling charges, as the Administration understands it, are for just that — handling and recovering the administrative costs that arise in that connection.

MS ANNA WU: *Madam deputy, with regard to the cost of receiving cash deposits that the banks claim they have incurred, has the Secretary studied the other side of the coin and that is whether the benefit arising from the use of the money by the bank is accounted for in favour of the consumer?*

SECRETARY FOR FINANCIAL SERVICES: Madam deputy, among the reasons I cited which have been given by the Hong Kong Association of Banks for these charges, the main one in fact is the deposit of notes without there being a revenue generating opportunity for the banks. That is their real concern and that is why only a very small proportion of these charges are actually levied and they are levied selectively to try to discourage the type of activity I described where cash deposits are made during the course of the day and are subsequently transferred out by cashier's order before the close of the day so that the bank has no opportunity to generate any revenue from that deposit or benefit in any other way. The bank in fact in those circumstances is merely expending its resources on handling the notes and finding its teller queues being extended and

other considerable inconvenience arising. so I think if that is the main point, then the other side of that coin does not arise.

MS ANNA WU: *Madam deputy, may I ask for clarification?*

PRESIDENT'S DEPUTY: Yes, Ms WU.

MS ANNA WU: *Has the Secretary verified that that is the only category in respect of which a surcharge is made?*

PRESIDENT'S DEPUTY: Secretary, can you answer that question?

SECRETARY FOR FINANCIAL SERVICES: Madam deputy, I can only give you the three points which were raised by the Hong Kong Association of Banks. The first relates to escalating costs associated with security, premises, insurance, transportation and teller time; those are the administrative costs. The second relates to the abuse of convenience point which is the one I have just elaborated. The third point is the depositing of sums without the passbook. Now the point here is that the passbook is the basic control system, and if depositors appear without it then it does require the banks to go through one or two additional checks that they would not otherwise have to do. So that charge actually serves two purposes: it encourages customers to use their passbooks and it also covers the additional cost of customers not coming with them. Those are the reasons that have been advanced to us. The main question asked whether we are aware of the rationale and that is the answer.

THE PRESIDENT resumed the Chair.

Written answers to questions

Concrete with PFA

7. DR SAMUEL WONG asked: *The Tate's Cairn Tunnel, which was opened less than two years ago, used some 300 000m³ concrete containing Pulverized Fuel Ash (PFA) in the construction work. Will the Government inform this Council.*

- (a) *whether there are other large projects, public or private, in which concrete with PFA content is used; and*

- (b) *what percentage of the total PFA generated by the two power companies last year was not used in concrete work or recycled applications, thus ending in the lagoons?*

SECRETARY FOR WORKS: Mr President,

- (a) Yes, there are other large projects in which concrete with PFA is used. The use of PFA in construction works is increasing, with recent examples being:
- Eastern Harbour Crossing (350 000m³ PFA concrete and 150 000 tonnes PFA reclamation fill)
 - Route 5 tunnel (200 000m³ PFA concrete)
 - Tsim Sha Tsui Culture Centre (50 000m³ PFA concrete)

PFA concrete is also used in major airport projects including the Tsing Ma Bridge and all pavements constructed by Highways Department.

Works Branch together with Civil Engineering Department (from 1992 onwards) have been actively encouraging the use of PFA concrete for government works as well as seeking ways to promote suitable usage by the private sector. Testing the performance of Hong Kong PFA concrete is yielding results which show that the important characteristics are the same as have been found by testing PFA concrete overseas. Housing Department likewise have included PFA concrete in their specification for sub-structural works.

- (b) Some 37% of the PFA generated by China Light and Power Company in 1992 was pumped into the Tsang Tsui Lagoon. Another 18% was transported to PRC for use as fill. The remaining 45% was used in concrete works or recycling applications.

As regards Hong Kong Electric Company, 5% of the PFA generated in 1992 was used in concrete works. The remaining 95% was transported to PRC for use as fill.

Liquefied natural gas

8. MR STEVEN POON asked (in Chinese): *As the use of natural gas causes less environmental hazards than other kinds of fuel commonly in use, will the Government inform this Council:*

- (a) *whether a feasibility study has been conducted on the use of liquefied natural gas in the territory; if so, whether the findings of such a study can be released;*
- (b) *whether consideration will be given to promoting the use of natural gas in Hong Kong; whether the Government has received proposals on the use of liquefied natural gas; if so, what the details of these proposals are; and*
- (c) *whether there are suitable sites that can be allocated for the construction of a terminal to be used by liquefied natural gas carriers and for the installation of relevant facilities?*

SECRETARY FOR ECONOMIC SERVICES: Mr President, there has been no overall study conducted into the use of liquefied natural gas (LNG) in Hong Kong. However, in 1990, the Government commissioned consultants to advise on the implications of using LNG instead of coal to fuel the planned Black Point Power Station. This study indicated that the use of LNG would bring certain environmental benefits in terms of lower emissions of air pollutants and production of other waste products, but that consumers would face higher tariffs in the long term than if coal were used.

In the event, the option of using LNG was not pursued because the developers of the station: the China Light and Power Company and Exxon Energy were able to purchase a supply of piped natural gas from a field in the South China Sea off Hainan Island. Before entering into the purchase agreement, the companies were required to satisfy the Government that there would be adequate security of supply and that consumers would not be faced with higher tariffs than would be the case under alternative fuel options.

No other specific proposals for the importation of natural gas, either in piped or liquefied form, have been received by the Government. The Government will consider all proposals positively, on a case by case basis, in the light of the relevant economic, environmental and security of supply implications.

In the meantime, a recent study commissioned by a group of companies in the energy field has indicated that the construction of a terminal for the importation of LNG is technically feasible. A number of possible sites for such a terminal have also been identified. The findings of this study are now being examined within the Administration.

Leave allowance for BDTC naturalization

9. MISS EMILY LAU asked (in Chinese): *The British Nationality Act 1981 requires, inter alia, that an applicant who wishes to become a British Dependent Territories citizen by naturalization must not be outside Hong Kong for more than 450 days in the five-year period preceding the date on which his application is received in the Immigration Department. With increasing economic activities across the border in recent years, many local residents have to leave the territory on a regular basis to work or make investments in Mainland China, thus encountering difficulties in fulfilling the 450-days requirement. Will the Government consider requesting the British Government to relax its restriction on the applicants' absence from the territory in response to the needs of our society?*

SECRETARY FOR SECURITY: Mr President, the 450 days absence limit is waivable if there are special circumstances. The Director of Immigration is authorized to exercise this function.

An applicant who has been away from Hong Kong for more than 450 days in the previous five years, or for more than 90 days in the 12 months preceding the application, may make a written request to the Director of Immigration for the requirement to be waived, stating the special circumstances of his case. Information on the way to make this request is provided in the naturalization application guide book, which is distributed together with the application form to applicants.

In the past three years, 628 requests to waive the residence requirement have been received; over 99% of these requests were granted.

Refuse landfills

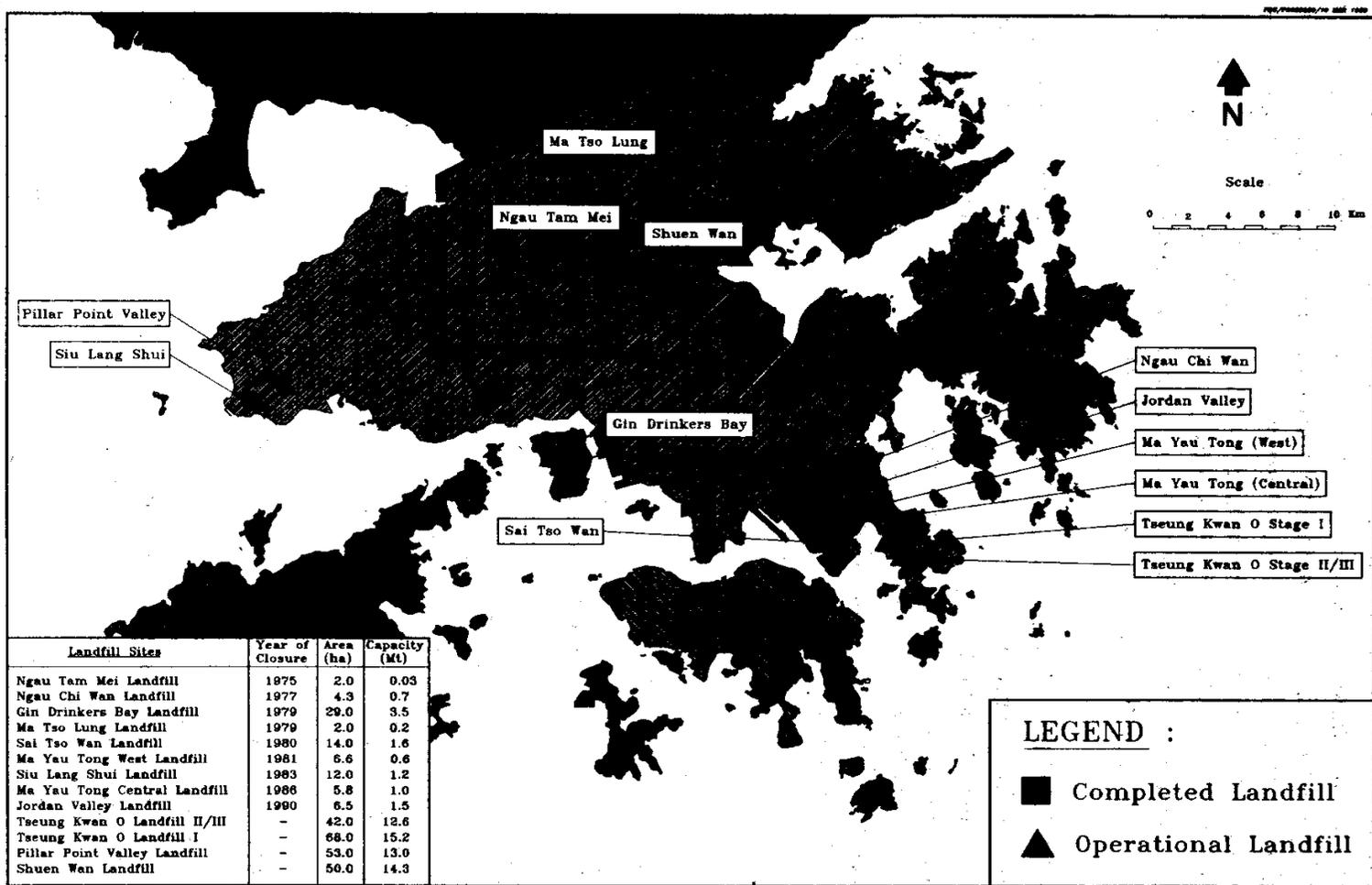
10. REV FUNG CHI-WOOD asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the total number of refuse landfills throughout the Territory to date;*
- (b) *of the number and the location of the landfills already installed with facilities for the discharge of landfill gas;*
- (c) *of the number and the location of the landfills without the installation of such facilities;*
- (d) *whether facilities for the discharge of landfill gas will be installed at those landfills under item (c); if so, the time required and the completion dates for such installations; and*

- (e) *whether the landfill gas generated at those landfills under item (c) will give rise to explosions; if so, under what circumstances such explosions will occur and what preventative measures have been taken by the Administration accordingly.*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) There are 13 landfills throughout the Territory. Nine have been completed and four are in operation. All are identified on the attached map. The Table in the lower left-hand corner of the map shows the year of closure, surface area and estimated volume of the sites. (Three strategic landfills are also to be commissioned within the next few years.)
- (b) One landfill, at Sai Tso Wan, has facilities to extract landfill gas and safely burn it.
- (c) At the other sites, landfill gas is presently allowed to dissipate into the atmosphere. (This will not apply to the three new strategic landfills which will be provided with gas control and collection and disposal systems to the latest international standards.)
- (d) The completed and operating landfills have all been investigated to provide the data needed for planning their proper restoration, which will allow the land to be put to use again. During these investigations it has become clear that, while none of the situations is hazardous, gas control systems can usefully be installed at some sites before full-scale restoration works are undertaken. During the next few months, gas control works will commence at Jordan Valley, Shuen Wan and Gin Drinkers Bay (Kwai Chung Park) landfills at a cost of around \$20 million. This will ensure that the areas around these landfills are safe from gas hazards. The programme of the full-scale restoration works depends upon the availability of funds and the time taken for each landfill to be completed. Nevertheless, all the existing landfills should be completed and restored within the next four years.
- (e) Under certain circumstances, a mixture of landfill gas and oxygen can ignite. However, engineering measures, such as venting and flaring, either already taken or under consideration, should prevent these circumstances from arising. At all sites, regular gas monitoring is undertaken to ensure public safety. To date, there is no cause for concern.



LANDFILL RESTORATION STUDIES — SITE LOCATIONS

Fluctuation of stock and futures markets

11. DR HUANG CHEN-YA asked: *On a number of recent occasions, the stock market and futures market registered record gains and losses, usually shortly before some announcements on constitutional reform were made. In particular, the Hang Seng Index rose sharply on 13 April 1993, soon before the announcement of the Sino-British talks on arrangements for the 1994-95 elections. Will the Government inform this Council whether this phenomenon has been investigated and whether the investigation has revealed any indication of insider trading on that day or on other recent occasions?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, under the provisions of the Securities (Insider Dealing) Ordinance 1990, the prohibitions relating to insider dealing apply to securities only and cover only relevant non-public information which is price sensitive to a particular issuing company, but not information which is price sensitive across the entire market. Therefore the situation alluded to in the question, that is, the release of information relating to external political matters such as the Sino-British talks, does not come within the scope of "insider dealing" as contemplated under the Ordinance.

Monitoring of the operation of the market is the responsibility of the Securities and Futures Commission (the Commission). The Commission routinely monitors market activity, and where anomalies or other unusual market phenomena occur, more detailed examination will be conducted.

Characteristically, the volatility of the Hong Kong market is often affected by external forces and a 100-plus point move is not an unusual occurrence. The Commission has not detected any improper behaviour in connection with recent market movements on which it could take action under the Ordinance. Nevertheless, it will continue to monitor and take action as and when necessary.

Transport concessions for the disabled and elderly

12. MR ERIC LI asked (in Chinese): *As regards the transport concessions for the disabled and the elderly put forward by the Financial Secretary in his 1993-94 Budget, will the Government inform this Council:*

- (a) *when the above concessions will be implemented; and*
- (b) *what the implementation details are?*

SECRETARY FOR TRANSPORT: Mr President,

Transport concessions for the disabled

The concessions for disabled drivers announced in the 1993 Budget were implemented on 1 April 1993. This involved the extension of concessions already granted to disabled owners of private cars to such owners of motor cycles and motor tricycles, namely exemption from first registration tax, learner driving licence fees, fees for driving test forms, annual vehicle licence fees, transfer of vehicle ownership fees, Cross-Harbour Tunnel passage tax, parking meter fees and, subject to a pre-determined limit, duty on hydrocarbon oil.

From the same date, disabled drivers of private cars, motor cycles and motor tricycles were exempted from the need to pay tolls when using government tunnels.

Concessionary public transport fares for the elderly

The exemptions from government licence fees and rental payments announced by the Financial Secretary in his Budget speech, were to enable franchised public transport operators to introduce concessionary fare schemes for the elderly or, where such schemes already exist, to improve on them. Using these exemptions:

- (a) the Kowloon Motor Bus Company Limited has since 5 April 1993 introduced a full-day half fare scheme for persons aged 65 and over. The scheme covers all routes except those to and from the airport; and
- (b) starting on 6 June 1993, the China Motor Bus Company Limited will introduce an off-peak half fare scheme for persons aged 65 and over. The scheme will operate from 10 am on weekdays and all day on Sundays and Public Holidays. It will cover all routes except those using the cross harbour tunnels and Island Eastern Corridor, and air-conditioned services.

Discussions are being held with other franchised public transport operators on the manner in which their existing concessionary fare schemes and services to the elderly can be upgraded with government assistance. The present situation is as follows:

- (a) the Star Ferry Company Limited already offers free travel to persons aged 65 or over and is now exploring how to further improve facilities for the elderly;

- (b) the Hong Kong and Yaumatei Ferry Company Limited operates a half fare scheme for persons aged 65 and over during off-peak hours from Monday to Friday, if they use ordinary class and non-hoverferry services. The company is considering extending the concession throughout the day;
- (c) the New Lantao Bus Company Limited has a half fare scheme for persons aged 65 and over, from Monday to Friday, if they use non air-conditioned services. The Company is considering extending the scheme to include Saturdays; and
- (d) the Citybus Company Limited is committed to introducing a half fare off-peak scheme for persons aged 60 and over, when it takes over 26 routes from China Motor Bus Company Limited in September 1993. It is now considering extending the scheme throughout the day, with the exception of recreational routes.

Details of these improvements will be announced as soon as agreement is reached.

Guidelines have been made available to all eligible public transport operators on how to seek exemption from government licence fees and rental payments, in order to help finance concessionary fare schemes for the elderly.

Offence against the Defamation Ordinance

13. MR CHIM PUI-CHUNG asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the number of complaints received by the Government regarding suspected commission of an offence under sections 5 and 6 of the Defamation Ordinance (that is, publishing libel known to be false and publishing defamatory libel) by the mass media over the past three years; the findings of investigations and what actions have been taken; and*
- (b) *whether the Administration will institute criminal proceedings at the victims' instance for justifiable protection of human rights; if not, what the reasons are?*

ATTORNEY GENERAL: Mr President,

- (a) A search of the records of the Prosecutions Division of my Chambers for the past three years reveals that there have been no complaints in respect of, nor have any prosecutions been instituted

for, an offence or offences against section 5 or 6 of the Defamation Ordinance (Cap 21).

- (b) It is not possible to institute criminal proceedings in order to protect human rights unless a criminal offence known to the law has been committed. Should a complaint be made in respect of such an offence it will be considered on the basis of the normal criteria, that is, whether the evidence is sufficient to support the criminal offence and whether merits of the case are such as to justify a prosecution.

Subsidized academic researches for tertiary institutions

14. MR CHEUNG MAN-KWONG asked (in Chinese): *As regards the funding of the University and Polytechnic Grants Committee, will the Government inform this Council:*

- (a) *of the funds available to the Committee for the years 1992-95, how much has been allocated to the seven tertiary institutions to finance their academic researches;*
- (b) *of details of the amount granted to each institution for such academic researches;*
- (c) *of the titles, purposes, amounts applied for and approved in respect of these subsidized research items, and their respective dates of application and approval; and*
- (d) *whether the Committee has any mechanism to ensure the effective use of those grants, and that these researches will achieve the anticipated result and required quality, thus enhancing the academic status of the tertiary institutions?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) The level of funding for Earmarked Research Grants to the UPGC-funded institutions during the academic years 1992-93 to 1994-95, as approved by the Finance Committee, is as follows (\$million):

<i>1992-93</i>	<i>1993-94</i>	<i>1994-95</i>	<i>Total</i>
122	156	144	422

In October 1992 the Governor announced, in his address at the opening of the Legislative Council, that the funds provided for 1993-94 and 1994-95 would be increased by over 20% in real

terms, with a sum of \$180 million to be provided in 1994-95. Approval for the proposed increase to the level of funding for 1994-95 will be sought in the context of the draft Estimates for that year.

In addition, the UPGC-funded institutions are encouraged to spend at least 2% of their block grants for the provision of the necessary research infrastructure. This amounts to some \$322 million during the 1992-95 triennium (see (b) below).

- (b) The Research Grants Council (RGC) has decided on the disbursement of the Earmarked Research Grant to the UPGC-funded institutions for 1992-93, as follows:

							(\$M)	
<i>HKU</i>	<i>CUHK</i>	<i>HKUST</i>	<i>HKP</i>	<i>CPHK</i>	<i>HKBC</i>	<i>LC</i>	<i>Total</i>	
33.1	30.6	17.9	15.2	14.4	8.9	1.9	122.0	

The allocation of the Earmarked Research Grants for 1993-94 and 1994-95 will be decided by the RGC at its meetings in June 1993 and June 1994.

The 2% of the institutions' block grants for research infrastructure represents some \$322 million, distributed as follows:

							(\$M)	
	<i>HKU</i>	<i>CUHK</i>	<i>HKUST</i>	<i>HKP</i>	<i>CPHK</i>	<i>HKBC</i>	<i>LC</i>	<i>Total</i>
1992-93	25.4	23.4	12.1	20.9	14.9	6.0	2.2	105.0
1993-94	26.1	23.4	16.1	19.4	15.3	6.0	2.4	108.7
1994-95	26.2	23.0	18.9	17.4	14.9	5.9	2.4	108.7
Total	77.7	69.8	47.1	57.7	45.2	17.9	7.0	322.3

- (c) Full details of the research projects approved for 1992-93 are contained in the RGC's Annual Report for 1992 which will be published shortly.
- (d) The funds provided by the Government for Earmarked Research Grants administered by the UPGC are disbursed by the RGC. This Council, which was established in January 1991, comprises eminent local and overseas academics and prominent local business and professional people. In accordance with its terms of reference, the RGC invites and receives applications for research grants, approves awards and other disbursements and subsequently monitors the implementation of the grants. The grants are mainly awarded on the basis of competitive bidding through a process of peer review. Applications are assessed by the RGC through its three subject

panels with the assistance of an international network of academic expert referees. The Council monitors the implementation of the grants awarded by scrutinizing annual reports on the institutions' research activities, annual progress reports on each of the projects funded and the more detailed project completion reports, and by making periodic visits to the institutions.

Post-retirement employment of senior officers of the Marine Department

15. MR FREDERICK FUNG asked (in Chinese): *Will the Government inform this Council of the number of civil servants, in the rank of Surveyor of Ships and above in the Marine Department, who retired in the last five years and were subsequently permitted to take up employment in the maritime business or shipping companies?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, since 1987, three Assistant Directors of Marine (one from the Surveyor of Ships grade and two from the Marine Officer grade) have been given permission to take up employment in the maritime business after their retirement. Two are self-employed.

When processing applications for post-retirement employment, the Government takes into account the advice of the Advisory Committee on Post-retirement Employment appointed by the Governor. The applicant's previous involvement in policy formulation is taken into account in considering whether this would benefit the prospective employer in an improper manner or enable the applicant to gain an unfair advantage over his competitors. Views are sought from the Head of Department on the question of conflict of interest. Consideration is also given to whether the proposed employment will result in the officer having an undesirable public profile. Conditions, such as a sanitization period or sanctions against dealing with specific companies, may be imposed as necessary. The provisions of the Official Secrets Acts continue to apply to an officer after his retirement.

Tap water quality

16. MR FRED LI asked (in Chinese): *Since Laguna City in Kwun Tong was first occupied in 1991, some residents have been complaining to the Water Authority about impurities and peculiar smell in the tap water supply but so far no significant improvement has been made. Will the Government inform this Council:*

- (a) *whether any investigation has been conducted in respect of the water quality; if so, what the findings are; if not, what the reasons are; and*
- (b) *whether the authorities have adequate power to require the responsible organizations to solve the problem of impurities in tap water for protection of residents' health; if not, whether consideration will be given to introducing legislative control?*

SECRETARY FOR WORKS: Mr President,

- (a) Since September 1992, the Water Supplies Department has received complaints from the Management Office and some of the residents at Laguna City about small traces of suspended particles in the fresh water supply. The staff of this department have since then carried out a series of investigations inside Laguna City as well as on the government water supply system feeding Laguna City. The findings have confirmed that the problem is confined to the inside of Laguna City and the cause is due to some irregularity in the communal water supply services in the buildings.

The suspended particles occur in very small traces. Because of the minute quantity, the chemical composition of these tiny particles cannot be identified clearly. However, it is considered that their presence in such minute quantity should not affect the overall acceptability of the supplied water for potable purposes.

The investigation also revealed that the inlet and overflow pipes inside the roof tanks had corroded seriously, which might be the source for the tiny particles as discovered in the water samples. The Laguna City Management Office and the Registered Agent responsible for maintaining the communal services have been informed of our findings and advised to carry out a more detailed investigation to replace the corroded pipes. According to the latest information furnished by the Management Office, the replacement of the corroded pipes is near completion.

- (b) Under section 7 of the Waterworks Ordinance (Chapter 102), the Registered Agent undertakes to accept responsibility for the custody and maintenance of the communal services. The Water Authority can serve notice under section 16 of the Ordinance to the Registered Agent requiring repairs or other works to be carried out in view of the poor conditions of the communal services. If the Registered Agent fails to carry out the required work, the Water Authority may, under section 10(e) of the Ordinance, disconnect the supply to the premises concerned.

Disconnection of supply to a residential estate is inadvisable since this will cause major disturbance to the livelihood of a large population. To ensure that the Registered Agent will perform his duties and resolve this type of problems, the owners and tenants concerned should take an active part in directing and monitoring the work of the Registered Agent. No additional legislative control is considered necessary at this stage.

Curfew restriction in the Frontier Closed Area

17. MR TIK CHI-YUEN asked (in Chinese): *Regarding the curfew restriction imposed in the Frontier Closed Area, will the Government inform this Council:*

- (a) *of the number of residents in that area who were convicted in each of the past five years for entering or leaving a closed area without a "curfew permit" or contravening conditions of a "curfew permit" and the number of illegal immigrants arrested in that area during the curfew hours; and*
- (b) *whether it will consider lifting the restriction in view of the inconvenience caused to the local residents?*

SECRETARY FOR SECURITY: Mr President, in the past five years, 23 residents were convicted for entering or leaving the Frontier Closed Area without a curfew permit. The normal practice is to give a warning rather than prosecute.

The number of illegal immigrants (IIs) arrested in the Frontier Closed Area during the curfew hours since March 1991 are as follows:

	<i>IIs arrested during curfew hours</i>
1991 (March-December)	837
1992	615
1993 (January-April)	271

No statistics on this were kept prior to March 1991.

Illegal immigration from China has remained high this year. We have no plans at present to lift the curfew restriction, but this will be kept under review.

Venue for 2000 Olympics

18. MR MARTIN BARROW asked: *Will the Government inform this Council:*

- (a) *whether it is aware that the Olympic Games in the year 2000, if held in Beijing, would bring considerable benefits to Hong Kong, both up to and during the year 2000, and*
- (b) *if so, what steps it will take to support China's application?*

SECRETARY FOR RECREATION AND CULTURE: Mr President,

- (a) Six cities, namely Beijing (China), Berlin (Germany), Brasilia (Brazil), Istanbul (Turkey), Manchester (the United Kingdom) and Sydney (Australia), have submitted bids to the International Olympic Committee to host the Olympic Games in the year 2000. A decision will be made by the International Olympic Committee in September 1993.

The Government is aware that if Beijing were to be selected as the host city for the Olympic Games in the year 2000, it would bring benefits to Hong Kong, both in tourism and other areas. However, it would be premature, at this stage, to gauge the extent of these benefits.

- (b) The selection of the host city is basically a matter for the International Olympic Committee which is made up of representatives of the Olympic Committees of the participating countries and territories. This being the case, any support of Beijing's bid should more appropriately come from the Hong Kong Amateur Sports Federation and Olympic Committee, which has made known its stand in February 1993 in support of Beijing.

Plot ratio restriction for "R(B)" Zone in Mid-Levels (West)

19. MR HENRY TANG asked: *In relation to the plot ratio restriction for Residential (Group B) Zone in Mid-Levels (West) which was introduced in 1990, will the Government inform this Council:*

- (a) *when the restriction proposal was first considered by the Town Planning Board;*

- (b) *in the interim, how many plans for building developments in the area (with details of the number of units and the total floor area involved) were submitted to the Buildings Ordinance Office and were approved subsequently; and*
- (c) *how many plans for building developments in the area (with details of the number of units and the total floor area involved) were approved in the three years prior to the submission of the restriction proposal to the Town Planning Board?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) The proposal was first considered by the Town Planning Board on 26 May 1989.
- (b) In the interim, 12 building plan submissions related to "R(B)" sites were received by the Buildings Ordinance Office and all were subsequently approved. They involved a total of 1 731 domestic units and 159 332 sq m of gross floor area.
- (c) Between June 1986 and May 1989, 27 building plan submissions related to the "R(B)" zone were approved. Details of the number of units and the total floor area will be provided as soon as the information has been retrieved from the records. (Annex III)

Crime reporting

20. MR LEE WING-TAT asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the average time a citizen spent on waiting and statement giving respectively when reporting cases such as burglary to the police over the past three years; and*
- (b) *whether the Administration will consider reducing the waiting and statement taking time required when citizens report cases to the police, and making the time limit so specified an item of the Police Force's Performance Pledge; if not, what the reasons are?*

SECRETARY FOR SECURITY: Mr President, apart from reporting a crime in person, a person may report a crime by telephone either to the "999" hotline or to a police station; telephone lines are manned 24 hours a day.

The police do not keep records of how long a person must wait before being able to report a crime or how long it takes for him to give a statement. In the former case, it depends, among other things, on the number of persons making reports at the time; in the latter, it depends on the nature of the crime, the circumstances of the case and how much information the person reporting the crime is supplying to the police.

Reports of burglary are normally made from the scene by telephone. In the majority of cases, the police will arrive at the scene to commence enquiries within 15 minutes.

The Police Force regularly reviews the procedures for reporting crime and for taking statements, so as to reduce the time required as far as possible. Since August 1992, a simple proforma has been introduced throughout the Force for reporting non-serious cases of robbery, burglary, theft, assault and criminal damage; burglary cases, involving property below the value of HK\$20,000, are handled by this proforma. The police have also introduced special proforma designed for reporting cases of taking a vehicle without authority and shoplifting.

In view of the widely differing nature and circumstances of crime cases, it would be unrealistic to set a Performance Pledge in respect of the time required for waiting to make a report and the time required to give a statement. However, the police do have a Performance Pledge in relation to the response time for cases reported via "999"; it is nine minutes or less in the urban area and 14 minutes or less in the New Territories.

Motions

BIRTHS AND DEATHS REGISTRATION ORDINANCE

THE SECRETARY FOR SECURITY moved the following motion:

"That the Births and Deaths Registration Ordinance be amended -

- (a) in section 9(2) by repealing "\$20" and substituting "\$40";
- (b) in section 9(3) by repealing "\$120" and substituting "\$200";
- (c) in section 13(2) by repealing "\$20" and substituting "\$40";
- (d) in section 13(3) by repealing "\$75" and substituting "\$125";
- (e) in section 22(1) by repealing "\$20" and "\$40" and substituting "\$40" and "\$80" respectively;

- (f) in section 22(2) by repealing "\$20" and substituting "\$40";
- (g) in section 22(3) by repealing "\$120" and substituting "\$200";
- (h) in section 23 by repealing "\$10" and substituting "\$20"; and
- (i) in section 27(c) by repealing "\$75" and substituting "\$125".

He said: Mr President, I move the first motion standing in my name on the Order Paper. This proposes increases in the fees specified in the Births and Deaths Registration Ordinance for the registration of births and deaths and related matters such as the issue of certified copies of entries in registers, and search of records.

A recent review of fees and charges collected by the Immigration Department has indicated that in a number of areas, the Department is not recovering its costs, including the registration of births, deaths and marriages, where the shortfall is about 66%.

It is government policy to provide services to the public on a cost-recovery basis, unless there are good reasons for doing otherwise. We are, therefore, proposing to revise the fees in order to recover costs. Full details of all the increases taking place at this time are contained in the Annex which I have tabled for the information of Members.

The fees to be revised were last revised in March 1991. If approved, the new fees will be introduced on 4 June, when they are gazetted.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

FOREIGN MARRIAGE ORDINANCE

THE SECRETARY FOR SECURITY moved the following motion:

"That the Foreign Marriage Ordinance be amended -

- (a) in section 5 by repealing "\$10" and substituting "\$20"; and
- (b) in section 6 by repealing "\$120" and substituting "\$200".

He said: Mr President, I move the second motion standing in my name on the Order Paper. It seeks to increase the fees specified in the Foreign Marriage Ordinance.

This Ordinance provides a means whereby Commonwealth citizens can give notice of marriage in Hong Kong, even though the marriage has taken place at a British Embassy abroad. Fees are payable for the issue of a certificate by the Registrar of Marriage. The fees were last revised in March 1991 and it is now proposed to increase them from \$10 to \$20 for a certificate by the Registrar of Marriage given under section 5 and from \$120 to \$200, for a Governor's licence given under section 6 of this Ordinance.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

LEGITIMACY ORDINANCE

THE SECRETARY FOR SECURITY moved the following motion:

"That the Schedule to the Legitimacy Ordinance be amended -

- (a) in paragraph 5 by repealing "\$65" and substituting "\$100"; and
- (b) in paragraph 6(1) by repealing "\$20" and substituting "\$40"."

He said: Mr President, I move the third motion in my name on the Order Paper. It seeks to increase the fees specified in the Legitimacy Ordinance.

This Ordinance provides for the re-registration of the births of legitimated persons. Fees collected relate to the re-registration of births and the issue of certified copies of entries of the birth. The fees were last revised in March 1991. It is now proposed to revise the fees from \$65 to \$100 for the re-registration of births and from \$20 to \$40 for a certified copy of an entry of the birth. This will bring the fees into line with the fees for similar services under the Births and Deaths Registration Ordinance.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

First Reading of Bills

EMPLOYMENT (AMENDMENT) BILL 1993

BEDSPACE APARTMENTS BILL

INLAND REVENUE (AMENDMENT) (NO. 4) BILL 1993

BANK NOTES ISSUE (AMENDMENT) BILL 1993**EXCHANGE FUND (AMENDMENT) BILL 1993**

Bills read the First time and ordered to be set down for Second Reading pursuant to Standing Order 41(3).

Second Reading of Bills**EMPLOYMENT (AMENDMENT) BILL 1993**

THE SECRETARY FOR EDUCATION AND MANPOWER moved the Second Reading of: "A Bill to amend the Employment Ordinance."

He said: Mr President, I move the Second Reading of the Employment (Amendment) Bill 1993.

The Bill seeks to improve the provisions in the Employment Ordinance relating to certification of medical conditions, lay-off, annual leave, compensation to dismissed employees who give evidence against employers in proceedings and to streamline certain procedures.

At present, an employee who intends to resign and claim long service payment on grounds of ill health must be certified by a medical practitioner practising in a government, government subvented or public hospital as "permanently unfit" for the type of work he is performing. Experience shows that some employees had experienced delay and difficulties in obtaining such medical certificates. To simplify the present certification procedures, we propose to allow any medical practitioner registered under the Medical Registration Ordinance to issue the certificate. We also propose that if the employer is not satisfied with the medical assessment made by the employee, he may, at his own expense, appoint another medical practitioner to reassess the employee's medical conditions. Should the medical opinions of the two assessments be in conflict, the case may be referred to the Commissioner for Labour for determination. The Commissioner may seek advice from medical experts in arriving at a decision.

As regards the provisions relating to lay-off, an employee is currently deemed to be laid off if the total number of days on which work is not provided for him exceeds either half of the total number of normal working days in any period of four consecutive weeks, or one third of the total number of normal working days in any period of 26 consecutive weeks. However, there is an ambiguity in the existing provision on whether or not the days of lock out, rest days, statutory holidays and annual leave days should count as working days. To remove this ambiguity, we propose to specify that these days should not be reckoned as normal working days during the reference period.

Under the existing provision of the Employment Ordinance, "leave year" means any period of 12 months starting on the day on which an employee starts employment or an anniversary of that day. An employee is entitled to a maximum of 14 days paid annual leave for a leave year. As different employees have different starting days of their leave year, a great deal of administrative work is imposed on an employer in keeping track of all his employees' annual leave. We therefore propose to introduce an option for an employer to specify any period of 12 consecutive months as a common leave year for all of his employees.

Last year, we introduced an amendment to the Employment Ordinance to prohibit an employer from dismissing his employee on the ground that the employee has given evidence or information to the authorities concerned in connection with the enforcement of the Ordinance or breaches of work safety regulations. To give better protection to employees, we now further propose that the court or magistrate be empowered to order the employer to pay compensation to his employee should he be convicted. The compensation should be in addition to any fine imposed by the court or the magistrate.

Finally, the Bill amends provisions concerning delegation of authority. At present, the Commissioner for Labour is empowered under the Ordinance to authorize in writing a public officer to perform any or all of the powers conferred on the Commissioner. Accordingly, the Commissioner has to sign each and every authorization, including purely routine ones such as departmental warrant cards. This is an ineffective use of senior management time. We therefore propose to expand the definition of "Commissioner" to include the Deputy Commissioner and Assistant Commissioners for Labour so as to enable them to exercise the powers of the Commissioner.

Bill referred to the House Committee pursuant to Standing Order 42(3A).

BEDSPACE APARTMENTS BILL

THE SECRETARY FOR HOME AFFAIRS moved the Second Reading of: "A Bill to provide for the regulation, supervision and safety of bedspace apartments and for connected purposes."

He said: Mr President, I move that the Bedspace Apartments Bill 1993 be read a Second time.

In December 1990, a fire broke out in a bedspace apartment in Sham Shui Po. Seven persons were killed. In October 1991, the Coroner's Court recommended that consideration be given by the authorities to a bedspace apartment licensing and inspection scheme. The Bedspace Apartments Bill 1993 provides for a licensing scheme to regulate the fire and building safety of bedspace apartments.

"Bedspace apartment" is defined in clause 2 as a flat which contains 12 or more bedspaces for rental purposes. Clause 3 provides for exclusion of certain premises from the licensing scheme. Such premises include those being regulated by other Ordinances.

Upon implementation of the licensing scheme, the Authority will grant any application for exemption for any period not exceeding two years. During this first two year period, the Authority will inspect all existing bedspace apartments which should then be operating under certificates of exemption. After these inspections the Authority will advise the operators on the improvement works required for licensing purposes.

Clauses 8 to 10 empower the Authority to issue, renew or revoke certificates of exemption.

Clause 12 provides for the application for and issue of licences. Applicants for licences will have to satisfy the Authority that their bedspace apartments have complied with the safety requirements under clause 18. Practical guidance for compliance with such requirements will be provided in a Code of Practice devised by the Authority under clause 19 and published in the Gazette. Under clause 13, a bedspace apartment will be re-inspected to ensure that the safety standards have been maintained before a licence is renewed.

Clauses 21 and 22 empower the Authority to direct remedial measures and execute remedial works. Clause 23 empowers the District Court to order any bedspace apartment to be closed or to cease to be used as bedspace apartment, if there is any danger or risk of danger to occupiers or if closure is necessary to enable remedial works to be executed by the Authority.

Clause 26 provides for appeals arising from enforcement of the legislation to be determined by an Appeal Board chaired by a person who is qualified for appointment as a District Judge. The Governor will appoint the Chairman and a panel of persons as members. Clause 28 provides for the proceedings of the Appeal Board.

Fees are payable to the Authority in respect of certificates of exemption and licences. Clause 34 empowers the Governor in Council to make regulations providing for such fees.

In order to comply with the licensing requirements, some bedspace apartments will have to reduce the number of bedspaces provided. In this connection, it is estimated that about 400 bedspaces will have to be given up. We have already taken steps to make available alternative housing to those so affected. Social Welfare Department will assist those affected lodgers aged 60 and above and the disabled through compassionate rehousing, residential care facilities for the elderly or hostels for single persons. Those affected lodgers who do not fall within the above categories will be eligible for application for

admission into singleton hostels established by the City and New Territories Administration.

Bill referred to the House Committee pursuant to Standing Order 42(3A).

INLAND REVENUE (AMENDMENT) (NO. 4) BILL 1993

THE SECRETARY FOR THE TREASURY moved the Second Reading of: "A Bill to amend the Inland Revenue Ordinance."

He said: Mr President, I move that the Inland Revenue (Amendment) (No. 4) Bill 1993 be read the Second time.

In December 1992, this Council enacted the Occupational Retirement Schemes Ordinance. The purpose of that Ordinance is to provide a legislative framework for the prudential regulation of private sector retirement schemes in Hong Kong. The main purpose of the Bill now before Members is to make consequential amendments to the Inland Revenue Ordinance which are necessary as a result. First, amendments are required to take account of the fact that the Commissioner of Inland Revenue's role as the approving authority for retirement schemes will, in future, be taken over by the Commissioner of Insurance. Secondly, amendments are necessary to ensure that recognized occupational retirement schemes will continue to enjoy the tax benefits and exemptions to which they are currently entitled. Thirdly, amendments are needed to provide for appropriate transitional arrangements.

In addition to the consequential amendments, the opportunity has been taken to introduce certain minor anti-avoidance provisions in relation to retirement schemes and to empower the Commissioner of Inland Revenue to issue notices of assessment by ordinary (as opposed to registered) post.

Bill referred to the House Committee pursuant to Standing Order 42(3A).

BANK NOTES ISSUE (AMENDMENT) BILL 1993

THE SECRETARY FOR FINANCIAL SERVICES moved the Second Reading of: "A Bill to amend the Bank Notes Issue Ordinance."

He said: Mr President, I move the Second Reading of the Bank Notes Issue (Amendment) Bill 1993.

The purpose of the Bill is to enable the Bank of China to become a note-issuing bank.

In 1991, the Bank of China approached the Administration expressing an interest in becoming a note-issuer. After a series of discussions with the bank, the Administration was satisfied that the Bank of China was prepared and able to meet the technical requirements of becoming a note-issuing bank. Moreover the Administration considered that Hong Kong could accommodate an additional note-issuing bank without causing confusion in the currency. Accordingly on 12 January 1993 the Governor in Council gave approval in principle for the bank to commence issuing bank notes from May 1994, and Members were briefed on that decision at the time.

Under the existing Bank Notes Issue Ordinance and under the Exchange Fund Ordinance, there are two note-issuing banks in Hong Kong, namely the Hongkong and Shanghai Banking Corporation Limited and the Standard Chartered Bank. Amendments to both these Ordinances are required to enable the Bank of China also to become a note-issuing bank and to issue bank notes as legal tender in Hong Kong.

This change is now to be given effect by clauses 2 and 3 of the Bank Notes Issue (Amendment) Bill 1993. A similar amendment to the Exchange Fund Ordinance will be introduced by clause 2 of the Exchange Fund (Amendment) Bill 1993.

Bill referred to the House Committee pursuant to Standing Order 42(3A).

EXCHANGE FUND (AMENDMENT) BILL 1993

THE SECRETARY FOR FINANCIAL SERVICES moved the Second Reading of: "A Bill to amend the Exchange Fund Ordinance."

He said: Mr President, I move the Second Reading of the Exchange Fund (Amendment) Bill 1993.

The main purpose of the Bill is to enable the Bank of China to become a note-issuing bank. The background has already been explained in my speech moving the Second Reading of the Bank Notes Issue (Amendment) Bill 1993.

Apart from clause 2, which enables the Bank of China to become an additional note-issuing bank, there is a technical change which involves no change in substance but serves to clarify an existing provision in the Exchange Fund Ordinance relevant to all note-issuing banks. The present note-issue arrangement requires a note-issuing bank to deposit with the Financial Secretary reserves for the account of the Exchange Fund to back its issue of legal tender bank notes. The Financial Secretary has statutory power to use such reserves to redeem bank notes issued and this power underpins confidence in the Hong Kong dollar. The Financial Secretary may exercise such power upon the winding up of a note-issuing bank to redeem bank notes issued by that bank, but this power is presently not explicitly stated in legislation. For the avoidance of

doubt, clause 3 of the Bill makes that power explicit and it does so without either adding to or detracting from the existing power of the Financial Secretary.

Bill referred to the House Committee pursuant to Standing Order 42(3A).

**JUDICIAL PROCEEDINGS (ADJOURNMENT DURING GALE WARNINGS)
(AMENDMENT) BILL 1993**

Resumption of debate on Second Reading which was moved on 12 May 1993

Question on the Second Reading of the Bill proposed, put and agreed to.

Bill read the Second time.

Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).

EDUCATION (AMENDMENT) BILL 1993

Resumption of debate on Second Reading which was moved on 21 April 1993

Question on the Second Reading of the Bill proposed, put and agreed to.

Bill read the Second time.

Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).

Committee stage of Bills

Council went into Committee.

**JUDICIAL PROCEEDINGS (ADJOURNMENT DURING GALE WARNINGS)
(AMENDMENT) BILL 1993**

Clauses 1 to 9 were agreed to.

EDUCATION (AMENDMENT) BILL 1993

Clauses 1 to 30 were agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

**JUDICIAL PROCEEDINGS (ADJOURNMENT DURING GALE WARNINGS)
(AMENDMENT) BILL 1993 and****EDUCATION (AMENDMENT) BILL 1993**

had passed through Committee without amendment. He moved the Third Reading of the Bills.

Question on the Third Reading of the Bills proposed, put and agreed to.

Bills read the Third time and passed.

Members' motions

PRESIDENT: I have accepted the recommendations of the House Committee as to time limits on speeches and Members were informed by circular on 31 May. The mover of the motion will have 15 minutes for his speech including his reply and another five minutes to reply to proposed amendments. Other Members, including movers of amendments, will have seven minutes for their speeches. Under Standing Order 27A, I am required to direct any Member speaking in excess of the specified time to discontinue his speech.

REVIEW OF MANAGEMENT OF PUBLIC RENTAL HOUSING AND HOME OWNERSHIP SCHEME ESTATES

REV FUNG CHI-WOOD moved the following motion:

"That in view of the fact that considerable improvement is called for on such matters as law and order, cleanliness, sanitation, and management in public rental and Home Ownership Scheme estates, this Council urges the Housing Authority to expeditiously conduct a detailed review of these matters, propose measures for improvement, and publish its findings in a report for public consultation."

REV FUNG CHI-WOOD (in Cantonese): Mr President, I move the motion standing in my name on the Order Paper.

Public security has always been a problem in public housing estates. Whereas most private residential buildings are almost invariably equipped with a security gate nowadays, and security guards hired to keep watch, the rental housing estates are still very much like free territory for all. There is no restriction whatever on anyone entering and leaving. It is not surprising therefore that loan sharks and sex offenders are prone to target public housing tenants. In this regard, there is surely a need for public security measures to be stepped up in public housing estates.

The way in which the public housing and Home Ownership Scheme (HOS) estates are managed could be a cause of great nuisance to the public, that is, if the management is not quite up to standard. For example, if the elevator is always out of service, a whole family young and old will have to take the stairs. There is always this problem of no flushing water in the toilet; while repair work may be carried out, the problem will recur almost immediately afterwards. It may actually turn out that residents may have to put up with no flushing water more often than they can enjoy the convenience of the flushing toilet. Indeed, with the proliferation of hawkers after 5 pm, there is not only the problem of obstruction, but more seriously, there is the problem of a threat to the safety of residents and members of the public who have to negotiate their way through the fleet of hawker-driven carts of cooked food and burning oil. On top of these, there is also the problem of illegal parking in the estates which is getting quite serious.

I conducted a telephone poll on a random sample of occupants of public housing and HOS estates selected from across the territory between the 17th and the 31st of May this year. A total of 11 questions were asked.

The survey found that the hurling of objects out of window was the cause of the most complaints. 42% of the respondents were unhappy with the present situation; only 21% found the present situation acceptable. The only action taken by the Housing Department with regard to the situation was the posting of circulars to remind residents not to commit the offence. The department failed to take any positive measure at all. For example, there were very few prosecutions with regard to the offence committed on the black spots in the past. In this regard, the Housing Department should address the problem seriously and step up public education at district level. For example, activities should be organized and publicity campaigns should be launched, within the first two years of occupancy of a new estate, to educate members of the public about the harm caused by reckless hurling of objects out of the window.

The next most popular cause of complaint was the service of the elevator. 41% of the respondents were not happy with the situation; only 29% found the present situation acceptable. It was perceived to be a very serious problem. The elevator was always out of service and maintenance was poor. It sometimes

happened that three out of the six elevators were out of order at the same time and elevators could remain out of order for anything from a week to a whole month. All that was much to the inconvenience of the residents. This state of affairs is attributable to the poor quality of the elevators on the one hand and to the extremely deplorable maintenance standard on the other. As a matter of fact, the Housing Authority should review the need for the purchase of better quality elevators.

The third most popular cause of complaint was the pricing of commodities in the food market. 31% of the respondents were not happy with the situation; only 12% found the present situation acceptable. Many of the respondents found the prices unreasonable because the market was dominated by a few traders. Under the present situation, the Housing Department seldom sees the need to perform its monitoring role. Indeed, it is the frequent practice of the department to contract a number of stalls to the same operator, whether intentionally or otherwise. Meanwhile, there is also the problem of trade-off between shop operators who are in similar line of business. For example, one may secretly sell one's business to another with the result that the same person may end up owning two or more shops. This is how the monopoly situation has come about. The Housing Department has not carried out any active investigation to prosecute the offenders. Although many residents find the prices unreasonable, the Housing Department fails to address the issue in a positive way. The second reason which may account for the monopoly situation is that the market has only a very small number of stalls. A certain kind of good may be sold in only one or two shops. The monopoly situation which results is the cause of the exorbitant prices which have in turn driven many residents to shop outside the estate for cheaper goods.

The fourth most popular cause of complaint was the the problem of youth gangs on the housing estates. 28% of the respondents were not happy with the situation; only 24% found the situation acceptable. The indication is clear that there is a need for security guards to be hired to patrol the estates.

Other problems identified in the survey were the problems of cleanliness in the estates, pet-keeping and the sanitary standard of the food market. 25% of the residents were not happy with the situation, but unfortunately, the same percentage of residents found the situation satisfactory. The rest of the respondents found the situation acceptable. That is to say, the respondents were evenly split on the issue, with one half expressing satisfaction and the other half expressing dissatisfaction. This is not an entirely satisfactory situation because after all, there should be more people expressing satisfaction than people expressing otherwise.

But why have such serious problems of management been allowed to happen in public housing and HOS estates in the first place?

The crux of the problem rests with the lack of a role for residents to play in the formulation and implementation of the policies with regard to the public housing and HOS programmes. The lack of participation means that residents have no say at all in the decision-making process, that they have not been duly consulted, and that they have not been given sufficient information.

First of all, I would like to speak on the right to have a say in policy decision. While the Housing Authority is responsible for the formulation of policy, it is not an elected body. Housing Authority members who have the mandate of the public through winning the three-tier elections only take up a small number of seats. Most of the meetings and papers of the Housing Authority are not open to the public. It is quite right then for one to question how such a closed door policy-making process is going to satisfy the needs of members of the public at the end of the day. While it goes without saying that the central housing policy decision process is one without public participation, the present situation is that even matters of estate management are exclusively the concern of bureaucrats of the Housing Department. What is the rationale for us to continue to put up with a situation like that? There are certainly improvements which can be introduced in many areas.

I will only give one example. My office carried out a survey last month on the issue of inadequate eating establishments in the five estates located at Tai Po and North District. 75% of the respondents felt that there were not enough eating establishments. The situation was particularly acute in Fu Hang Estate, where 95% of the respondents took that view. The problem which has arisen is the result of the negligence of the Housing Department in policy formulation. In the past, the Housing Department encountered difficulties with regard to the management of cafes and open-type kiosks whose operators often occupied public space and disturbed public peace. Probably as a result of these management difficulties, the Housing Department has seen fit to abolish cafes and open-type kiosks in newly completed public housing estates. Only one restaurant and one fast food shop are allowed to operate. However, this has given rise to the problem of long queues; the problem now is one of inadequate provision. Meanwhile, residents have few options because the fast food shop serves the same menu, week in, week out. The lack of real choice means that one gets bored with the bland food over a period of time. It is hoped that with this case in mind, the Housing Department will have the wisdom of rectifying its practice of formulating its policy from behind closed doors.

I would like to mention here the Singaporean experience. The Housing and Development Board in Singapore set up in 1988 various Town Councils which took over the powers of estate management from the Housing Department. The Singaporean people are enabled to participate in the formulation of policies regarding housing management in a direct manner.

Secondly, I would like to talk about the issue of the right to be consulted. There are not many occasions in the year where the Housing Authority will openly seek the advice of the public with regard to its housing policy. The usual practice is for housing policy decisions to be taken merely after listening to the views expressed by members of the Housing Authority themselves.

With regard to public consultation at the level of housing estates, its scope is only limited to the informal bi-monthly meetings of Housing Managers with mutual aid committee chairmen and area leaders. However, the agendas of such meetings are decided by the Housing Managers. In many cases, what the Housing Managers regard to be touchy issues, such as the "double rent policy", will not be included in the meetings for discussion. The meetings will not decide on policy matters. Meanwhile, at district board meetings, the Housing Department will only give an account of the housing plans, at the request of district board members. The district boards will not be consulted beforehand on such plans.

In the United Kingdom, a housing ordinance was passed in 1980 which provided for the right of tenants to be consulted on any issue relating to housing management which might affect them. In the process of consultation, a proposal which relates to, for example, maintenance and improvement works, will have to be made available to the tenants in the form of a written paper. In the wake of the consultation exercise, the initial decision taken will be relayed to the tenants so that the Housing Service Committee will be able to receive and consider the tenants' feedback before they reach a final decision. This procedure which is set out in detail in the tenancy agreement as part of the rights of the tenants is indeed a practice in the United Kingdom. It is worth our while to adopt it in Hong Kong.

Thirdly, on the issue of the monitoring of housing as a social service, there is no way members of the public are able to monitor the situation due to highly restricted access to the required information. At the level of central government, the Housing Authority is an independent body which is subject to the monitoring of none of the elected bodies within our three-tier political framework. Whatever tier the elected body you are talking about, it does not have any more power than the Consumer Council; it can only bring the pressure of public opinion to bear on the Housing Authority. Furthermore, given the fact that the Housing Authority will no longer receive capital injection from the Government, there is no way the Legislative Council is able to monitor the operation of the Housing Authority through its control over public finance. As far as the district level is concerned, the Housing Manager is not obligated to submit any management report to the district board or any other elected body. The usual practice is only for the former to explain to the district boards the established policy, the way in which it is being implemented and the sort of problems which have been encountered at the district level. There is no question of the performance of the civil servant being subject to public monitoring.

Lastly, I would like to talk about the complaint system. What happens now is that many residents prefer taking their case to elected public representatives who have no policy decision powers. They will not directly complain to the housing officers. This is an indication that there is a lack of faith among residents in the bureaucrats of the Housing Department. Meanwhile, another reason why residents are reluctant to complain to the Housing Department is that some of them believe that the attitude of its officers badly needs improvement.

The poor attitude of some of the staff of the Housing Department further reveals another problem. Is housing management after all the business of managing people or serving people? The duties of the Housing Department staff are mostly to do with making sure that the residents comply with the Housing Ordinance and other regulations. They are not to do with seeking ways to help the tenants and to serve them better. As a matter of fact, the Housing Department staff are public servants and their salaries are paid by rental revenue. In that regard, the tenants may be said to be their paymasters. But in reality, these public servants behave more like little bosses who feel superior to the tenants.

In October last year, the Governor said in his policy address that the civil service will give their performance pledge. Although eight departments have already given their performance pledges, the Housing Department has yet to submit the most basic outline of such a performance pledge to the Housing Authority for consideration. I wonder when the Housing Authority and the Housing Department will be able to announce their performance pledge to the public. There are many issues which I can raise in respect of public housing and HOS estates. Due to the time constraint, I will have to stop here. My United Democrats colleagues will take up the other issues in their speeches.

With these remarks, I move my motion and hope that it will secure your support.

Question on the motion proposed.

MR HUI YIN-FAT (in Cantonese): Mr President, a good law and order situation and a hygienically sound living environment are both important elements of a decent life for everyone. However, it would appear that a common problem with most modern cities is that the more densely populated a locality, the more problems it will have in respect of law and order and public sanitation. In this regard, it is necessary for us to achieve a better understanding of the problems from a macroscopic point of view and formulate a better-conceived solution. It is not appropriate for us to address only the needs of a certain type of public housing estates. If we act in this way, flexibility will be sacrificed in the implementation of policy. For example, there are about one half of our population living in public housing or Home Ownership Scheme (HOS) estates managed by the Housing Authority. However,

if we look at the figures last year, we will find that the public housing estates which have a higher living density have a crime rate which is less than 40% of our overall crime rate. Suppose we are to ask the police to deploy its officers solely on the basis of the crime rates of the respective housing estates, today we may actually find ourselves having to ask the police to reduce their strength in various public housing estates.

I have no doubt that the recent spate of sexual assaults happening in Tuen Mun is a matter of wide public concern. Residents of Tuen Mun are gravely concerned about the situation. We have also seen in recent years the activities of loan sharks in the housing estates and media reports of triad infiltration in the housing estate-based decorating business. Just a couple of days ago, we heard about complaints about illegal elements selling medicinal ointment in the housing estates, through tactics closely bordering on intimidation. However, we should refrain from looking at these problems in over simplistic terms. We should not put the blame entirely on the Housing Department and the police. Whereas we believe that Housing Department staff will surely co-operate with the police in the fight against criminal activities in the housing estates, a point which has to be made is that the maintenance of law and order is not only the responsibility of the police. The main thrust in the fight against crime should come from the residents themselves. If the residents do not pay any heed to home security and their own physical safety, if they are not willing to come forward to report crimes, then the police will have an uphill battle to fight and will not be able to achieve the good result which they deserve for their effort, even working in full co-operation with the Housing Department.

Similarly, the maintenance of a hygienic environment is also the responsibility of everybody; it is by no means the sole responsibility of the Housing Department staff. I always take the view that instead of committing more manpower resources to the effort to improve environmental hygiene, it is better to achieve the objective through community education and the enhancement of the public awareness of the need for environmental protection. That is not only more in keeping with the principle of cost effectiveness but will also produce long-lasting results.

As a social worker for many years, I always advocate that the a good neighbourly relationship is highly conducive to the formation of a good social environment and a good law and order situation. For example, the Housing Authority has in recent years implemented an "Emergency Alarm System" for old tenants living by themselves and an "Estate Liaison Officer Scheme", in order to render assistance to the elderly who are in need of special care and to establish a good neighbourly relationship within the estate. I consider that the Housing Authority has taken a major step forward in terms of not only providing accommodation but also moving beyond that, working towards improved estate management through the promotion of a good neighbourly relationship.

It goes without saying that in the context of the social progress which has been made over the years, it can be anticipated that the housing estate tenants will have rising expectations and become more demanding. It is of course up to the Housing Authority to continue to solicit the views of tenants in the formulation of its estate management policy. The way I understand the situation is that, in addition to the regular daily contact between the estate office staff and the tenants, the Housing Department staff will also attend meetings of the mutual aid committees, area committees and the district boards so that they can participate in the discussion of housing matters. Indeed, the Management and Operations Committee of the Housing Authority even makes a point of arranging for Housing Authority members to meet residents organizations and other concern groups regularly so that they will be able to understand the latter's views. As a matter of fact, a pressure group which is also a highly vocal critic of the public housing policy has said to me that they are quite happy with the existing channels of communication, though they would consider that there is room for further improvement.

All in all, as a member of the Housing Authority, it is certainly my responsibility to urge the Housing Department on behalf of the public to make improvement in the area of estates management. But it must be remembered that enormous manpower and material resources are involved in the management of all the public housing estates in Hong Kong. We have to consider whether there are more positive ways to bring about the desired improvement. For example, we can seek improvement through public education and propaganda, through enhancing the spirit of mutual help among residents, or alternatively, we can actually entrust the ad hoc group on estate management with the formulation of a policy which will address the issue.

For the above reasons, I consider that the motion before us today is more about show than substance. Mr President, with these remarks, I object to the motion.

MR SZETO WAH (in Cantonese): Mr President, about 65% of residents in my electoral constituency — Kowloon East — live in public housing estates.

I had held some residents' meetings in several housing estates to seek residents' views about the policy address and the Budget. However, I found that usually less than half an hour into the meetings, the participants who spoke invariably would change the subject and started to voice complaints against public housing matters. Those presiding the meetings, though making tremendous efforts, were unable to lead the discussion to a point where they would go back to the original themes.

What I have just described is very common. This prompts me to ask myself: Will it attract more attendants if I organize complaint forums in housing estates?

With this in mind, I spent five evenings with two hours each on holding complaint forums at five housing estates, namely Tak Tin, Lam Tin, Tsui Ping, Ngau Tau Kok (Upper) and Ping Shek. In fact, they were not formal forums but meetings some voluntary workers and I arranged to meet residents. We would place several tables and chairs at a public area and receive residents who brought their complaints to us. We then jotted down their complaints and took action afterwards. The complaints were not restricted to matters pertaining to public housing estates.

During these five nights with a total of 10 man-hours, I received 314 complaints, among which 97 cases are about requests for rent reduction, transfer, *ex gratia* transfer or objection to the "well-off" tenants policy whereas all the remaining 217 cases are directed against estate management, constituting 69% of the cases, or over two-thirds of the total number of complaints.

Furthermore, I have received an additional 288 complaint cases over these two years in my ward office. Among these cases, 155 are related to housing problems and they account for about 54% of the complaints. An overwhelming majority of these housing problems also involve estate management.

As regards the complaints against estate management, the areas of concern include flushing, leakage, cleanliness and sanitation, noise pollution, objects falling from high, lifts, keeping of dogs, pedestrian access, illegal parking, hawkers, construction materials, renovation and so forth.

The management staff of the Housing Department were aware of the tenants' complaints and grievances. But how did they react to them? I would like to give an account of any own experience.

For each complaint I received, I would, without exception, write to the department concerned and send a copy of the letter to the complainant. I would then follow up the matter by phone. On one occasion, I held a complaint forum at a housing estate and afterwards I wrote to the management section of the housing estate several dozens of letters concerning the complaints. About two weeks later, I ran into an officer of the aforesaid management section. He laughed and said, "Uncle Wah, did you recently change your occupation and become engaged in letter writing, did you not?" In this connection, one can imagine what response ordinary tenants can expect when they lodge their complaints.

A tenant told me that tenants are not allowed to keep dogs in housing estates. However, when he went to the management office to pay rent one day, he saw another tenant who also went there to pay rent hold a puppy in his arms. When the officer at the office saw the puppy, he did not remind the tenant that keeping of dogs was forbidden in public housing estates but, on the contrary, patted the puppy and said, "Your puppy is very cute!" This is a typical example of paying lip service to orders and prohibitions.

In Hong Kong about half of the population are living in public housing estates. Estate management would have a significant impact on their everyday life. It may well be said that the tenants' well-being hinges, to a large extent, on estate management. Any malpractice in such management is going to upset tenants' peaceful lives. This explains why they feel much more concerned about estate management than the policy address and the Budget.

Estate management has been plagued with a considerable number of long-standing big problems. Failure to deal with them squarely, the problems will become more difficult to resolve. As this is a matter concerning the lives of nearly half of our population, the Administration must not treat it lightly. It should carry out a thorough review as soon as possible so that a solution can be found to uproot the problems. In addition, public housing tenants should be urged to express their views when the review is launched to identify the solution. In order to have fruitful results, we must take the mass viewpoint and follow the mass line throughout the exercise.

Someone described this motion as "more about show than substance". I hope the person who made such a comment would care to live in a public housing estate himself or go to a public housing estate to talk with the tenants there.

Mr President, with these remarks, I support the motion.

MR LAU WAH-SUM (in Cantonese): Mr President, since its establishment, the Housing Authority has been providing subsidized flats to over half of the Hong Kong residents. At present, there are more than 3 million people living in 146 public housing and Home Ownership Scheme (HOS) estates. It is obvious to all that in these 20 to 30 years, the construction programme of public housing in Hong Kong is indeed second to none. However, with the rapid development of society, residents' demand for a better living environment is becoming keener by the day. The Housing Department should have kept on reviewing the management issues of the existing public housing and HOS estates, in order to meet the residents' wishes. Therefore, the Liberal Party supports the Rev FUNG's motion. I hope that the Housing Department will pay particular attention to the following points while conducting a review:

- (1) Supervision of contractors to ensure quality of works: The Housing Department is at present taking measures and having guidelines on the monitoring of the quality and quantity of the works being carried out. Nevertheless, the media are still always reporting cases in which ceilings peel off, water pipes crack and reinforcing bars show after the residents have moved into the HOS estates for two or three years. The Housing Department should promptly review whether the existing supervisory measures are adequate and step up prosecutions against contractors who scamp work and stint material so as to protect residents' basic interests.

- (2) Law and order in public housing estates: The recent saga of the serial rapist in Tai Hing Estate, Tuen Mun poses a very serious problem which makes the residents feel scared whenever they go out and come back. The residents are blaming it on inadequate security measures in public housing. Although according to the records of 1988 to 1992, the average crime rate in public housing is lower than that of private housing, the average figures are not reliable. The Housing Department should immediately review the situation of those housing estates where crime prevention facilities are obviously insufficient. Experts should be invited to design a good security system to protect residents' safety while they are going out and coming back. I trust that the residents will not object to the incorporation of the installation fees into the rents by instalments. The Housing Department should not neglect those housing estates with law and order problems by using the excuse that the average crime rate in public housing is lower than that of private housing and that resources are insufficient.
- (3) Repair and maintenance of housing estates: The Housing Department should review the existing repair and maintenance system and the efficiency in communication within the hierarchy. Although the Housing Department has already got service guidelines, these guidelines must be strictly adhered to. Once a resident lodges a complaint against the maintenance facilities of a housing estate, not only should the Housing Department shorten the time it takes to reply to the resident as much as possible, it should also specify the date of completion of works and fulfil its promise to the resident. The Housing Department should consult the residents on the inspections and system of maintenance of existing buildings in order to achieve the best results.
- (4) Authorized public housing estate decoration contractors: Recently, it is seen on television that some public housing estate residents who have just moved in are dissatisfied with the requirement regarding authorized decoration contractors stipulated by the Housing Department. These reports also hint that triads have already infiltrated into the decoration industry. It is hoped that the Housing Department can conduct a comprehensive review into this requirement in consultation with residents and then solve the problem accordingly. Moreover, transparency should be enhanced to improve work efficiency.
- (5) Vacant flats in public housing estates: Due to inadequate powers and manpower shortage, officers-in-charge of the housing estates are not very successful in prosecuting householders for leaving the flats vacant. Can the Housing Department borrow the example of Singapore and set up an independent investigation group to prosecute all tenants who broke the regulations? Although such a

move will involve extra resources, if more vacant flats can be recovered to accommodate those on the Waiting List, such expenditure will be absolutely cost-effective.

- (6) Illegal parking in housing estates: The Housing Department has been implementing the privatization scheme of car parks for some time. The department also considers that the management problem of car parks has already been solved. Nevertheless, illegal parking is still a serious problem in housing estates. Can the Housing Department consider letting people from private car park management firms take over the job of instituting prosecution against illegal parking? That can avoid difficulties in enforcement due to insufficient staff or favouritism on the part of the public housing management people.
- (7) Illegal hawking problem in old-type public housing estates: Public housing estates built in the early days were restricted by the layout area available which made it incompatible with the residents' demand for better living environment nowadays. Examples include the uneven distribution of locations of restaurants, market premises being so insufficient that it has resulted in illegal hawking getting more and more rampant inside the housing estates. It is hoped that the Housing Department, apart from confiscating the goods and prosecuting the hawkers, can identify places suitable for hawking so that there can be centralized management, with a view to alleviating the illegal hawking problem.

Finally, I think that the Housing Department should improve its communication with organizations like the mutual aid committees, residents' associations and so on. Direct talks should be held regularly to enhance transparency. Moreover, the department should report to them regularly during the ongoing review process, so that residents can voice their opinions and the greatest effects can be obtained.

With these remarks, I support the motion.

MR ALBERT CHAN (in Cantonese): Mr President, the Housing Authority provides housing for nearly half of the Hong Kong population. But some of its buildings hardly meet presentday community needs because they were built long ago with very backward facilities. In my constituency of New Territories South which includes Tsuen Wan and Kwai Chung, for example, most of the public housing estates were built more than 15 years ago and some of them are more than 20 years old. The public facilities and design of these estates fall far short of presentday community needs. The design of these buildings, in particular, did not take into consideration the question of security, and this has provided lawless elements with opportunities to pose a threat to the lives and properties of the residents. The open design of old public housing estates allows free access

by anyone, making it easy for criminals to commit crimes. And instances of robbery, indecent assault, drug trafficking and gambling in these estates are numerous.

Given that the crime rate at public housing estates tends to be on the rise, there is an imperative need for the Housing Authority to improve security facilities and installations at public housing estates now. I personally believe the Authority can add the following facilities to old estates, taking reference from current arrangements for Home Ownership Scheme estates:

- (1) erecting gates at the lobby of each building;
- (2) employing security guards to provide 24-hour security service; and
- (3) installing more or improving lighting at inadequately lit places within or around the estates.

Apart from inadequate security facilities, another serious problem of public housing estates is the question of law and order which is connected with improper management. The problem of gambling, among others, is one of the most obvious and common examples. The situation is particularly serious in some old estates. With the ageing of the population in these old estates, many old people will rally in the open areas of the estates to while away their time by playing cards, "tin kau" and "sap ng woo", as a result of the lack of on-estate recreation grounds and inadequate welfare facilities for the elderly. This phenomenon is common in all old estates. While there is nothing wrong with the old people playing cards to pass time, triad elements will easily make use of the opportunity to mix with the old people, encouraging them to increase the amount of their stakes. Hence problems like loan-sharking and cheating will then follow. Apart from old people gathering to gamble in the old estates, we can see that the age of the gamblers tends to be on the fall. We can also see people "standing sentry" not far away on the look out for police raids. In fact there is evidence to show that participation by the triads is becoming serious.

A homicide case happened in Lei Muk Shue Estate, Tsuen Wan several months ago. It was reported that the suspect had stabbed a loan-shark to death because the suspect had borrowed high-interest loans and suspected that he had been cheated at gambling in the estate. A similar case also happened in Tung Tau Estate on 31 May this year. According to informed sources and residents of the estate, the stakes at this kind of gambling parties sometimes may amount to as much as a few tens of thousand dollars. Hence one can see how serious this problem has become.

Many of the problems confronting public housing estates, the old ones in particular, are connected with the building design and inadequate estate management. The Housing Authority is indeed obliged to comprehensively review the facilities and management quality of existing estates, in order to improve estate security and to raise the quality of life of tenants. It should also

endow the local management office with greater flexibility, so that they can formulate different policies tailored to meet the needs of individual estates, rather than leaving the problems unmitigated as a result of perfunctory performance of duty.

Mr President, to be able to settle down and work happily is an entitlement, as well as a right, of all members of a civilized society. Under the current circumstances where the Housing Authority has large surpluses, the facilities and management of existing estates should be improved.

With these remarks, Mr President, I support Rev FUNG Chi-wood's motion.

MR FREDERICK FUNG (in Cantonese): Mr President, the motion before us today consists of two parts. It concerns the conduct of public consultation on the one hand, and the content of public consultation on the other, that is the management of the housing estates, law and order and the problem of environmental hygiene. Insofar as the issue of public consultation is concerned, I am not opposed to it. However, given the nature of the Housing Authority, particularly bearing in mind that it works behind closed doors, and that Housing Authority members are all appointees charged with the function of policy-making, I feel that public consultation should not be confined to individual issues, but rather the setting up of a systematic public consultation machinery.

I think that since we are talking about the central management of over 170 housing estates and an enormous number of residents, it is very difficult indeed to have a completely flawless policy which will ensure that each and every aspect of management work will be satisfactorily performed. In this regard, I think that in order to guarantee satisfactory performance, the housing policy should have a degree of flexibility. Put in another way, the housing policy should be suitably adjusted and improved as and when it is implemented in the respective districts and estates, according to their special needs and circumstances. This is the only way in which the management of housing estates can measure up to satisfactory standard and I would include under the concept of management the maintenance of law and order, cleanliness and other related management duties. In this regard, I propose that following the formulation of a basic policy by the Housing Authority, the actual implementation of policy and the conduct of public consultation should be turned over to the another body. Put in another way, estate management advisory committees should be set up in the various districts. And estate management advisory committees may be as small or large as we design them to be. For example, we can have a small estate management advisory committee set up for each district. We can just as well set up a larger estate management committee to solicit resident's views at the district level. In this way the management policy formulated by the Housing Authority will be channelled to the districts and housing estates for residents' comments. Adjustments can then be made to the policy in a flexible manner on the basis of these comments, before implementation, in the respective housing

estates. For example, each year an allocation of several million dollars is made available for maintenance and improvement works to be carried out in the housing estates. Why can we not make a point of soliciting the views of the residents' representatives beforehand so that the necessary works will be carried out according to the priority agreed upon by themselves? I believe that if we were to do that, then there would certainly be considerably less disputes between the Housing Department and the public housing tenants. As a catchphrase in management circles in foreign countries puts it, "Small is beautiful." The above proposal is something which I think the Housing Authority should reflect upon.

Cleanliness, law and order and management problem are mentioned in the motion. I will concentrate in the rest of my speech on the issues of cleanliness and law and order.

First of all, I will speak on the issue of cleanliness. Keeping the estate clean is one aspect of management. Indeed, one frequent cause of complaint by residents has always been that the standard of service is deteriorating. I think there are two reasons for this. First of all, there is the practice of sub-contracting, which means that the cleaning contractor will sub-contract their work to some cleaning companies. Put in another way, contractors registered with the Housing Authority bid for the cleaning contract and then the successful bidder hires another contractor to do the job at which point the subcontracting cycle repeats itself with the second contractor hiring yet another contractor to do the actual cleaning. In a scenario like this, the workers are of course exploited as their wages are squeezed. Low wages means that they are unlikely to put in as much work as one would like them to and the result is of course poor quality. On the other hand, the Housing Department does not have any control over these cleaning workers and there is no question of effective management of the latter. Given the fact that neither the Housing Authority nor the Housing Department has their own cleaning staff, it is very difficult for them, in the event of a cleanliness problem arising, to get a group of workers to do the required cleaning work on a certain spot. First of all, the cleaning company will be contacted which in turn will liaise with the supervisor who will then instruct some workers to go to that particular spot to do the cleaning work. In this regard, we feel that this practice of sub-contracting is the key factor which accounts for the deterioration in the standard of service. Secondly, in the tender exercise, the guideline adhered to by the Housing Authority is that the successful cleaning company must always be the lowest bidder. An opinion survey was conducted by the Hong Kong Association for Democracy and People's Livelihood in the Sham Shui Po district and the results of the survey were subsequently reflected to the Housing Department. We tried to establish whether there was a better way of cleaning up the rubbish, for example with the use of plastic bags. We discussed with the contractor about this proposal. The contractor did not have any objection to it. However, as it turned out, the proposal was rejected by the Housing Department. Their explanation was that the use of plastic bags would affect the bidding price and would necessitate the complete revision of related prices before calling for another tender. The

rejection by the Housing Department has caused delay in respect of improvement to the situation.

Secondly, I would like to talk about the law and order issue. As we know, the motion mentions the underlying causes of our law and order problem with the purpose of preserving the social stability of Hong Kong and enabling Hong Kong people to have a sense of security. With regard to the community's sense of security and social stability, I am sure we all know that there has been a spate of crimes happening in the housing estates over the past several months. Recently, there have been six cases of rape in which two of the victims were killed. Most of these crimes happened very late at night inside elevators and on the staircases. These crimes are quite frequent in Tuen Mun, though admittedly some of them are committed in quite unique circumstances. But insofar as the design of the housing block is concerned, it is not difficult for us to see negligence was a contributing factor to the crimes which happened. Let us look at the design of an old housing block. It was typically a seven-storeyed building and access was by the staircase. The advantage of this was that residents who were accustomed to taking the stairs were familiar with each other and they were prone to keep their doors open, which in turn was conducive to the development of mutual and ready help. However, the modern housing blocks which are erected nowadays can easily reach 20, 30, even 40 storeys. Access is provided by the elevator which nobody can do without. Residents are far less familiar with each other and it may even happen that one does not know who one's neighbour is. There is no guarantee that people living in opposite flats will know each other. The open-style staircases and elevators are such that the residents have no way of telling whether someone whom they meet on the staircase or in the elevator is also a resident. That is why they worry that the staircase and the elevator may actually be a security hazard. In this regard, we tend to think that if the situation is to be improved, something has to be done in respect of improving the design. The newly completed housing estates should have a similar design as the Home Ownership Scheme estates. Put in another way, the staircase, the elevator and the lift lobby should be equipped with a gate, an intercommunication system and a closed-circuit television. In doing so, it will deter trespassers from blatantly and fearlessly entering the housing estate to commit crimes. On top of that, if security guards can be hired to keep watch on a 24-hour basis, then security will certainly be greatly enhanced. We have conducted a survey in Kwai Tsing and Tuen Mun. We found that over 90% of the residents are quite happy to have these security measures at the cost of a modest rental increase of about \$30 to \$40 per month. They are prepared to pay for them because in the long run these measures will pay off. So they are in support of such measures

With these remarks, I support the motion.

MR MICHAEL HO (in Cantonese): Mr President, recently cases of rape, indecent assault and other offences have frequently happened in Tuen Mun, causing fear in many residents and disturbing the peace of life in the district.

The Housing Authority, in providing accommodations to the public, should not be just providing a flat with four walls and a roof, it should also be a place that is safe to live in. Therefore, the Housing Authority cannot evade responsibility for the deplorable state of law and order in the public housing estates.

It is unacceptable that the Housing Authority should evade the responsibility of installing security systems by applying the "user pays" principle. Since there is a correlation between the building design and the crime rate of the public housing estates, the Housing Authority should improve the building design. Take Tai Hing Estate as an example, we can in fact install iron gates at the subsidiary staircases on the ground floor of the estate buildings. With the add-on feature of intercom systems or the stationing of security guards, the law and order situation at public housing estates will be significantly improved. In April last year, a woman was raped on the staircase at Yau Oi Estate. Since then, seven rape cases have occurred in Tuen Mun in two of which the victims were even killed. And we have not yet caught the culprit or culprits. I urge that the Housing Authority should immediately repudiate this "user pays" principle and undertake the responsibility of installing security systems in public housing estates. I also suggest that Tuen Mun should perhaps be the district where a large-scale pilot scheme in the above regard should immediately be launched. The Authority should procrastinate no more.

I will now turn to the topic of the management of the Home Ownership Scheme (HOS) estates. One of the problems involved is the reasonableness of the percentage of increase in management fee. Such percentage has been persistently higher than the inflation rate, and if this situation continues, I believe that after a few years the management fee of the HOS estates will be equivalent to the rent of the public housing estates. Although the residents of the HOS estates have paid a high management fee, they have in fact no say in matters of management. They have often complained about the low efficiency of the cleaning company, the security company and the building contractor, but the resultant change may only be a change of the names of the companies concerned. The operator and the staff will remain unchanged. With this kind of "smooth transition", the residents will be forced to pay a high price to employ companies which cannot provide satisfactory services. In such circumstances, what kind of a right do the residents have?

When we take a look at the reserve funds of the HOS estates, we will find that there are no objective criteria as to the size of these funds, nor are there any upper limits. Therefore, the authority concerned can put the surplus from the management fee into the reserve fund and continue to raise the management fee significantly in the following year. It seems that the management of these housing estates is a big business with huge profits. The management fee is mainly used, among others, to pay for staff salaries. However, the companies concerned can expand the establishment of the staff in these estates, like increasing the number of senior management staff, without any improvement in the quality of management. Despite the strong opposition from the residents

that such expansions would only add to the redundancy of staff, the companies have nevertheless proceeded with their decisions.

I think that the residents should be given an appropriate channel to take part in the management and to understand its functioning. There should also be sufficient communication and transparency such that the residents can genuinely monitor the companies concerned. Only in this way can we really improve the management of the HOS estates.

Mr President, with these remarks, I support the motion.

5.00 pm

PRESIDENT: I will suspend the sitting for a few minutes.

5.27 pm

PRESIDENT: Council will resume.

MR TAM YIU-CHUNG (in Cantonese): Mr President, more than 2.5 million Hong Kong people are now living in the 550 000 public housing and Home Ownership Scheme (HOS) flats under the Housing Authority. The management of these estates is really an important and sizeable task, given that so many flats and residents are involved. Today's motion seeks to arouse the Government's attention to, and the public's concern over, the problems pertaining to public housing and HOS estates.

Problems arising out of estate mismanagement come to our attention from time to time. Some of them may be rather trifling and technical in nature. Still, they reflect the deficiencies in the management policy. The Housing Authority pursues a management policy that it would keep its management services to the housing estates to a minimum. For this reason, it pays scant attention to resources allocation and quality of management, thus giving rise to many irrational practices.

For example, general estate management and maintenance works are left in the hands of two different departments and there lacks proper communication and co-ordination between them. When the general management department finds that certain public facilities have broken down, it will be unable to receive prompt action from the maintenance department. On some occasions, it takes quite a long time to have some basic public facilities such as street lamps and lifts fixed.

Furthermore, the cleansing of housing estates is contracted out to private cleaning services companies at a low price due to insufficient manpower and financial resources. As a result, we find that the hygienic conditions of many housing estates are appalling. Besides, there are serious problems such as illegal parking in the carparks, illegal hawking activities, illegal keeping of dogs and young people occupying vacant units illegally. These problems are rampant. On the face of it, the problem seems to stem from insufficient manpower. But it is in fact closely related to the statutory power of the management staff and their co-operation with other government departments.

What is most disturbing is the maintenance of law and order in public estates. The design of public housing estates makes housing blocks easily accessible to everyone. This would invite robbers and sex offenders. However, it seems that the estate management department is at a loss as to how to deal with this problem and the Housing Authority has not been resolute enough in tackling this problem.

Besides, the estate management system is rather rigid. Take for an example, in the transition period when tenants are resettled to make way for redevelopment, the management fails to make proper arrangements to take care of the affected tenants during this particular period and the place turned into a mess. Another example is that no consideration has been given to the population growth and ageing problems in the housing estates when the Housing Department allocates units. The units of old housing estates are small in area. With the increase in the size of family and more grown up children, the living space is becoming more and more inadequate. However, the Housing Department does not take practical measures in its allocation of units to tackle this problem so that residents' plight could be eased. Besides, the electricity supply in the old housing estates usually lags behind the demand. I was told that one of the housing blocks in Sau Mau Ping Estate has power failure for two to three hours at midnight for one-third of the days in a month. The situation looks rather serious. Rigidity in estate management is also reflected in the way tenants apply for permission to do renovation works by themselves. The existing approved contractors system makes the application procedures for self-renovation works very complicated and arduous.

Problems with regard to estate management defy enumeration. I support the motion to urge that the Government conduct a review of these matters. I would also like to call on the people to be more positive in voicing specific problems in estate management and to suggest ways to improve the situation.

With these remarks, I support the motion.

DR HUANG CHEN-YA (in Cantonese): Mr President, more than half of the population of Hong Kong live in public housing estates. As such, the good or poor management of public housing estates is in fact closely bound up with the livelihood of the people. I shall focus my discussion on the privatization of

public housing management, as well as the situation of public housing management within my constituency.

Privatization means reduced government intervention and increased market mechanism. However, in a place like Hong Kong where basic social security is seriously inadequate, privatization no doubt will become an excuse for the Government to "pass the buck" and an equivalent for having "no avenues to air one's grievances". It is true that privatization of market operation may reduce operating costs for the Housing Department, but when only one operator is granted the right to operate, does the Housing Department ever consider the effects of doing so on the commercial tenants and the public? Take for example Wah Kwai Estate in the Southern District, the commercial tenants are only given operating licences but no tenancy agreements, and are therefore left without legal protection provided by the tenancy agreements. Recently, commercial tenants are given only two weeks' notice to renew their licences. There is virtually not sufficient time for them to bargain and to decide whether to leave or stay. They are therefore seized with worries and fears. Furthermore, the rate of increase of market stall rents and market stall management fees varies from 14% to 71%, which gives an average of 33.4%. In this connection, the reply given by the Housing Department indicates that there is no restriction on the rents and the rate of increase of such rents charged by the operator in the sub-letting of stalls. As it is said, what one gets comes, in the final analysis, from one's own self, both the stall operators and the public become the victims. One must understand that as public housing residents usually earn lower income and that shopping arcades inside housing estates all but monopolize the services that are being provided, a continuous rise in prices will only increase the expenses of public housing residents. The Housing Department should require that in sub-letting their stalls, market operators should do so in the form of tenancy agreements so as to safeguard the interests of commercial tenants. In addition, an upper limit should be imposed when increasing the rents in order to avoid stimulating inflation which will in turn lead to a fall in the people's quality of life. The purpose of privatization is no doubt to increase cost-effectiveness, but on the other hand, this will also mean that the livelihood of the general public is not protected.

Another problem brought about by privatization is the fading out of the role of the Housing Department, which becomes blurred and amorphous. When a dispute arises between the operator and the stall lessee, the Housing Department then says this is private business between the stall lessee and the operator and therefore no assistance is needed. In refusing to take up the role of the mediator and arbitrator, is the Housing Department not privatizing market operation completely overnight? This seems to be in serious breach of the principle of evolution in an orderly and gradual manner. More serious though, is such evolution in an orderly and gradual manner heading in the right direction? Is such pattern appropriate? Is such progress reasonable? The Government has never made any public consultation with regard to this problem, but the result is that the Government's commitment is obviously reduced, creating a situation of chaos and disorder in which no one is in charge.

When we come to the general problems of public housing management, it is natural to talk about allocation of public housing, which is stated in Chapter One of the *Public Housing Management Policy*. Take for example the Ma Hang Village Squatters in the Southern District, squatters affected by the clearance programme are originally eligible for "rehousing". At first the Housing Department also promised them they would qualify for *in situ* rehousing, but later imposed an age limit on single-person and two-person families on grounds of resources. Nevertheless, in the face of strong opposition from the occupants, the Housing Department made a small compromise and is now considering the withdrawal of the age limit on members of two-person families eligible for "rehousing". However, it is extremely unreasonable that a single-person cannot be "rehoused" unless he or she is prepared to share the flat with another person. The Housing Department should not base its housing policy on a resource-led approach and suppress the demand for public housing, so that it is necessary for those people who originally qualify for "rehousing" to wait for over 10 years without yet having the chance of moving into a public housing unit. This is yet another irony in the 40th anniversary of public housing development.

Finally, a word on cleanliness and sanitation. Refuse collection points within housing estates in the Southern District are always piled up with refuse which, not being disposed in time, often results in a stink that reeks to high heaven. The public and private toilets of some of the housing estates frequently run out of flush water supply over the years, and very often residents have to use potable water for flushing. More often than not, the lifts are very dirty and are a source of complaints. To sum up, management problems concerning public housing are numerous. I alone received 571 complaints concerning public housing last year, which is far more than the complaint figures on housing problems received by the Office of Members of the Executive and Legislative Councils in 1990 and 1991, an indication of how serious such problems are in the various districts.

With these remarks, I support the motion.

DR CONRAD LAM (in Cantonese): Mr President, some people say that the Housing Authority is the world's largest landlord since it provides accommodation for some 3 million people. However, our public housing in general is long on quantity but short on quality; it has an impressive outlook but not an equally impressive substance. Public housing estates in Hong Kong, the old type in particular, are shoddily built and poorly managed. The contribution towards the improvement in people's quality of life is superficial. On the issue of public housing, the general public's expectations may be completely at odds with the targets of the Government's policy. People want to improve their living while the Government's major concern may be to appease the public, in the hope that they would support or at least acquiesce in the administration of the Government. As a matter of fact, in Hong Kong where the cost of accommodation is exorbitant, many would be only too happy to be provided with accommodation in return for their minimum acquiescence in the

Government. Public housing is facing growing problems, and due to time limit, I would focus briefly on the aspects of maintenance and decoration.

The quality of public housing of Hong Kong can be reflected by the many complaints lodged by its tenants. As the buildings are getting old, it is necessary to carry out large-scale maintenance works such as wall refurbishment and sewer replacement. Currently, the Housing Authority contracts out such large-scale maintenance works. When the contractors have secured some orders, they would often seek the assistance of sub-contractors who, in turn, would find some sub-sub-contractors to do the actual maintenance works. Consequently, it takes a long time from the identifying of problems to the commencement of works. The Housing Authority must have been aware of such practice of contracting and sub-contracting as well as the inconvenience thus caused to public housing tenants. I therefore suggest that the Housing Authority speedily conduct a review on this contract system of public housing maintenance works.

The current practice of the Housing Authority to authorize some decoration contractors to carry out decoration works for newly-built public housing estates is also plagued with problems. The practice has also seriously limited the choice of public housing tenants. As a matter of fact, many complaints were lodged by tenants against the perfunctory performance of these authorized contractors. Despite the fact that mass production would reduce costs, these authorized contractors often charge higher than some smaller contractors not on the list of the authorized contractors. Given such deficiencies, how can the problem on public housing maintenance be easily solved? As a related issue, the Administration claims that the practice of authorizing decoration contractors is geared towards the prevention of triad infiltration. However, if we look at it from a different angle, we would find that the practice would produce very undesirable consequence in that it would indirectly lead to triad infiltration and indeed such cases did happen. Local triad elements would more easily control the decoration works of an entire housing estate since the authorized contractors system enables them to have a more specific and more direct target to approach. Under such circumstances, I suggest that the Administration should review this authorized contractors system as soon as possible.

The above points bring out a serious issue, namely, the rights and privileges of Hong Kong's public housing tenants. Such rights and privileges are not well defined, if there is any at all. In the United Kingdom, the Tenants Charter stipulates that tenants can apply to install or maintain any fixtures in their premises. The Government cannot reject such applications unless they have very sound justifications and rejections can also be appealed against in court. I therefore suggest that the Administration seriously consider the drawing up of a legal document similar to the Tenants Charter to ensure Hong Kong's public housing tenants the rights and privileges.

Mr President, my 10 odd years' service in district board and area committee let me know that hygiene, management, law and order and so forth make up the majority of the complaints concerning public housing. The Housing Authority therefore has to take a serious view of these issues and must not keep on evading its responsibilities.

Mr President, with these remarks, I support Rev FUNG Chi-wood's motion.

MR LEE WING-TAT (in Cantonese): Mr President, since 1985, in the eight years in which I have served as an elected district board member, I have never attended a meeting of residents of public housing and Home Ownership Scheme estates in which there was no grievance in respect of estate management. Indeed, just last night, I attended a residents' meeting of about 50 people. After several rounds of discussion, I asked residents attending the meeting to give a mark for the standard of estate management. I asked them to mark out of 100. And just as I expected, none of the residents gave it a 50 mark or above. The marks given ranged from 0 to 30.

Admittedly, the above survey was not scientific by any means. However, I understand from my close contact with the residents that the attitudes are much the same in other estates. I can quite safely say that standards have fallen so sharply that the present state of affairs is absolutely deplorable insofar as the management of public housing is concerned. Just now, many colleagues have criticized many aspects of the poor management of public housing, including the extremely unsatisfactory state of sanitation, rampant illegal parking, tardy maintenance work, frequent disruption of flushing water supply, pet-keeping policy, and most importantly, the extremely bad attitude of the management staff, particularly staff members of non-professional grades and low-ranking officers. As a matter of fact, these are longstanding problems, many of them have been around for over 10 years now. Many district board members have said to me that even when we are talking about something as trivial as changing the light bulb in the public corridor, it is going to take about three weeks before a new bulb can be fixed, that is, following the complaint of a resident. If the complaint is lodged by a district board member, then probably this can be done in two weeks. If the complainant is a member of the Legislative Council, then face will be given and the whole thing may be completed expeditiously in a week's time. The above example is by no means an exaggeration. It is just a fact of life for residents in public housing.

Mr President, the Housing Department is the chief co-ordinator when it comes to the management of public housing estates. It is responsible for contracting people to do the cleansing, repair and maintenance works and to provide security services. The Housing Department as a co-ordinator with government background is basically different from other companies providing services on the free market. It is a government department and it functions with the characteristics of a monopoly. Three differences can be identified:

- (1) The standard of service provided has no consequence for the service provider. Put in another way, it has no bearing at all on the pay package and promotion prospects of the Housing Manager or any management officer;
- (2) It is a complete monopoly situation in which the tenant is still obligated to turn to the Housing Department which is the chief service co-ordinator, however bad the standard of service is. There is no way the tenant can switch;
- (3) The comments of the tenant as the end user and his/her evaluation of the management standard will have no bearing at all on the performance or the promotion prospects of the service provider. The result of this is, of course, that while residents have every right to lodge their complaints, the estate management office staff have every right to conduct their business as usual.

The present state of our public housing estate management has already developed in such a way that it is reminiscent of the state of affairs in our old socialist motherland. The motto which prevailed was, "You may exert yourself or choose not to work at all but whatever you do, you get paid the same \$36". The reform of public housing estate management is urgent because it is long overdue. Reform may be carried out along the following lines:

- (1) Management of the housing estates can be completely privatized. This will enable the tenants as end users to acquire, through the working of the free market mechanism, the service which will give them value for money;
- (2) The present system should be reformed to enable tenants to enjoy the right of participation in the management of their own estates so that they will have a say in matters concerning the promotion, posting and dismissal of the highest ranking officer.

In view of our scepticism about the price implication of privatization of a social service, I would like to propose that we should start by reforming the existing system. The sort of reform which I favour would be more along the lines of subjecting the highest ranking officer in estate management, that is, the Housing Manager, to the supervision of tenants such that he/she will be a manager who can just as well be dismissed (for dereliction of duty). I have four proposals to make as follows:

- (1) A tenants committee which is made up of delegates from mutual aid committees should be set up in each housing estate. The tenants committee should be a body charged with the responsibility of monitoring the estate office. It should be empowered to transfer or even dismiss a Housing Manager who is proven to be incompetent,

in much the same way as the owners' corporation of a private building will exercise its power;

- (2) The present civil servant status of Housing Managers should be changed such that Housing Managers will be hired on contract terms, but with the same pay and conditions of service which they are currently enjoy. Their contracts may be renewed or terminated according to need and performance;
- (3) The Housing Department Headquarters and the tenants committee should produce an objective evaluation of the work of the estate office on a regular basis. Residents should be enabled to give a mark in their rating of the estate office through a scientifically designed questionnaire survey. Results of the survey should be publicized;
- (4) The rating received by the estate office should be counted as the most important factor in the appraisal of the performance of the Housing Manager who is also the highest ranking officer in charge of the management of a given housing estate. That factor should figure most prominently in the assessment of the suitability of a Housing Manager for renewal of contract or promotion.

Mr President, lastly, I think all civil servants working in the Housing Department, and I mean all officers from the Director to the officers working in the estate office, should completely change their attitude towards, and concept of, estate management. They should regard the tenants as their clients instead of people being governed by the Housing Department. They should serve with courtesy and sincerity and in this way their service will surely be appreciated by the tenants.

With these remarks, I support the motion.

MR JAMES TO (in Cantonese): Mr President, with regard to the problem of law and order in public housing estates, first of all, I would like to give an analysis of the potential crisis.

Firstly, I will talk about the design of the housing estate. The open design is a common feature of public housing estates. There are many easy access and exit points such that one can enter from one end and exit through the other. All the lanes inside the estate area lead to the thoroughfares outside. The housing estate is also an excellent hiding place and once you get in, it is extremely difficult to track you down. In the event of a resident being robbed, physically assaulted, sexually assaulted or raped, it is very easy for the culprit to escape by virtue of the highly accessible design and any search operation is going to be very difficult. On the other hand, the design has also made the housing estate extremely vulnerable to burglary. For example, in many of the newly designed

housing estates, the corridor actually enables the criminal to climb outside of the building and then back in again, by way of an adjacent flat.

The second problem has to do with illumination. I am sure Honourable Members are aware of the problem either through press reports or complaints of residents. Poor lighting is a problem with many public housing estates. The problem is particularly acute in the adjoining areas of adjacent blocks, corners and areas out of the way of shopping arcades generally. Poor lighting has been a persistent problem with the public housing estates in my constituency (Kowloon West). We must appreciate the fact that residents who have to return home late, for example, the restaurant workers, will find it impossible to return home early. They have to be extra careful and on the fullest alert as they walk through the small and narrow lanes when it is late at night, often at the risk of their lives.

The third problem has to do with the shops of public housing estates being used as a hangout (for undesirable elements). There are quite a lot of shops in the public housing estates where nomadic youth gangs like to hang around. The shops have become ideal recruiting grounds for triad members and their activities have sometimes caused nuisance to residents. Bearing in mind the unique open design of the public housing estates and the mode of crimes committed, it is necessary for the Government to carry out remedial actions to forestall potential law and order problems.

In order to alleviate the threat to residents with regard to the criminal activities committed by undesirable elements, I consider that a feasible way to fight crime would be the installation of a security system (some call it the burglar alarm system). Meanwhile, effort should be made in terms of treating the security system as part of the standard provision for the housing estates in order to improve the law and order situation and enable the residents to have a safe living environment. The Government should include such standard provision in its financial commitment in order not to allow law and order in public housing estates to further deteriorate and to put the lives and property of the residents in jeopardy. The installation of a security system will also help to reduce the manpower resources that are required for patrol duties. This is how the installation cost makes economic sense.

I have sought the advice of many police officers engaged in crime prevention. Most of them take the view (though they are of course confiding in me) that without the installation of such a security system it is going to be very difficult for any improvement to be made to the law and order situation in the public housing estates. But why do these police officers confide in me, instead of making their views known publicly? I know that they are under pressure from their superior officers who do not want their views to attract too much publicity. They do not want them to talk too much about the issue because they think that it should be a matter for another department. But what can be done in terms of crime prevention? It would seem that they are quite happy to limit their efforts to appealing for mutual help, heightened public awareness, and

greater readiness to report crimes by residents. When we invited these police officers to attend residents' meetings, they frequently could not find the courage to make their point publicly, that without the installation of a security system, they will find the situation very difficult to deal with. However, privately, they were quite willing to tell me how they truly felt, often with a sigh.

The installation of a security system will definitely be a plus in terms of any proposed plan by the Government to put the public housing units on sale in the future. So it would seem that it is vitally important that the installation of a security system should be treated as part of the standard provision.

With regard to the installation of a security system, I think there are certain practical aspects which must be attended to:

- (1) An iron grille should be installed at the entrance to the lobby;
- (2) A closed-circuit television or some other intercommunication system should be installed outside of the grilled entrance;
- (3) Security guards should be hired to provide service on a 24-hour basis;
- (4) Improved lighting should be provided in areas inside and outside the housing estate where illumination is poor or inadequate;
- (5) Reflection mirror should be installed so that the hidden corners will not become easy hideouts. Dark corners which are not necessary should be eliminated;
- (6) The design of some newly completed housing estates should be modified because as I was saying just now, peripheral flats are very easy targets for burglars.

Before the scheme to install a security system is implemented in the housing estates, the police should in the meantime strengthen beat patrol as well as highrise patrol in order to deter criminal activities.

The feedback which I have from residents is that sometimes the low incidence of bank robberies is really attributable to the frequent and highly visible police beat patrol. However, the problem is that, in Sham Shui Po for example, at a period of many robberies happening along Tai Po Road, there are so many police constables around the jewellery shops located at Tai Po Road that there is hardly any police presence in Pak Tin Estate, Tai Hang Tung Estate, Lai Kok Estate and other neighbouring areas — if you venture to find out how things are going out there. Although the residents quite understand that the Government has to deploy police resources in a flexible manner, it can be seen from their complaint that they are also quite worried about the situation.

The relevant government departments should also conduct a wide publicity campaign among the residents in order to promote the spirit of mutual help. This will enable neighbours to render each other ready help when it is needed and to be on the alert so that the criminals will not be able to catch them by surprise.

I will also like to mention here the practice of some decoration contractors who resort to hiring illegal elements to intimidate public housing residents who prefer to do the decoration work themselves. It goes without saying that the police already have a whole range of measures to combat such activities including, for example, increasing patrol during the decoration period, scrutinizing the background of the contractors and their decoration workers, or alternatively, getting some police officers to disguise as residents who want to do the decoration themselves, and conducting a questionnaire survey on the residents of each flat and so on. However, it can also be seen from the recent number of complaints that the problem is still very serious. In this regard, the police should step up the prevention measures to forestall the criminal activities. The police should also publicize their message to the residents in order to put an end to the nuisance caused by the illegal elements to residents who choose to decorate their own homes. Residents should be made aware of the situation and encouraged to report crimes so that the illegal elements will be brought to justice.

Lastly, I would like to talk about the problem of illegal parking. Illegal parking has a bearing on law and order, though one may wonder why. In my experience of dealing with complaints from the estate residents, I found that illegal parking is a very serious problem. The problem is so serious that ambulances and fire engines cannot find their way into the blocks situated in the middle of a relatively large housing estate. This is a very dangerous state of affairs. I think that the Housing Department is not able to monitor the situation effectively once it gives the franchise to a private company to take care of the car park service. There is room for further improvement in this area for the authorities concerned.

Mr President, in view of the points I made above, I support Rev FUNG Chi-wood's motion.

DR PHILIP WONG (in Cantonese): Mr President, about half the population of Hong Kong are accommodated in public housing and Home Ownership Scheme estates of the Housing Authority. It is, therefore, absolutely impossible and also unnecessary for the Housing Authority to meet the demands and aspirations of every one of them. To achieve absolute perfection in estate management is always a difficult task. What matter are whether law and order, environmental hygiene and other management matters in the housing estates have reached a reasonable standard and whether the Housing Department has fully considered the requests of the households and seek their views on areas which are in need of improvement.

Improvement of estate management is definitely the responsibility of the Housing Authority. Honourable colleagues of this Council may, of course, express their views on this issue. In fact, many of them have been expressing a lot of views to the Housing Authority through different channels, including the meetings of the Housing Panel of the Legislative Council. Some of our honourable colleagues are also members of the Housing Authority. Therefore, I see no need for this Council to advise the Housing Authority by way of a motion debate on the consultation method to be adopted for improvement of the overall estate management.

Looking at this issue from a more practical point of view, many problems in estate management are of a relatively local nature. The conditions in each of the housing estates are not quite the same. Take cleanliness and sanitation as an example. Older housing estates may have these problems because of the inadequacy of refuse disposal or market facilities. These problems may be solved by providing more facilities. However, in some well-equipped new housing estates, problems may arise from other areas. As regards the problems in individual housing estates, the Housing Department should already have had sufficient and direct discussions with the households at district level. The conduction of a public consultation by way of a report as stated in the motion would be of no practical benefit to tackling problems of a local nature.

I do not mean to object to having more consultation or deny that there is room for improvement in estate management. What I would like to point out is that there are already quite a lot of public, proper and regular channels for the Housing Authority to understand the views of the households. It would be of no special benefit for this Council to urge the Housing Authority to conduct a large-scale public consultation on the various different management matters. I consider that it is unnecessary for us to exaggerate those areas which can further be improved in the present estate management in support of the conduction of such a consultation. In the meantime, I would like to point out that there are people who stage "shows" to suit the narrow political needs of their particular group in the name of "public interest". Now that the year 1995 is just two years ahead, will such a move arouse public resentment? If they are really sincere in caring about public sentiment and really have the interest of Hong Kong people in mind, they may well assist the relevant departments through the various channels to make improvement rather than to devote massive manpower at the great expense of the toil and money of the public. It is the approach to tackle the problem and not the definition of the problem itself that counts.

Mr President, with these remarks, I oppose the motion.

MR WONG WAI-YIN (in Cantonese): Mr President, as a legislator coming from New Territories West, I feel very sad and am greatly disturbed by the recent spate of indecent assaults and rapes which happened in the various housing estates in the western part of the New Territories, including Yau Oi Estate, Tai Hing Estate and Kin Sang Estate in Tuen Mun, and Tin Yiu Estate

and Tin Shui Estate in Tin Shui Wai. The sexual offences have also been a cause of alarm for residents living in the housing estates because the safety of women is now a matter of grave concern and worry. The seriousness of the law and order situation in the housing estates has again been brought to the attention of the community at large.

The open design has always been a feature of the public housing estates. It is also a cause of crime as criminals are attracted to the housing estates to commit crimes. The lives and property of residents are threatened. The time has come now for a comprehensive review to be conducted on the above issue so that improvement measures can be devised. The recent spate of indecent assaults and rapes in New Territories West has brought home to the upper echelons of our Police Force the seriousness of the problem. In addition to the stepping up of patrol, an ad hoc group has also been set up to investigate these cases. Recently, the police has even made a point of offering a cash reward for assistance which will lead to the arrest of the culprit. Residents and organizations of the district have also taken a series of actions, including the launching of a signature campaign, petitioning to the Governor, taking their case to this Council, and making appointments to see police officers and the Housing Department staff. Anti-rape seminars were also organized and women concern groups have been set up. Meeting Point has made a whole range of proposals to the authorities concerned with regard to the above law and order situation. The following is a summary of these proposals:

- (1) The lift lobby on the ground floor in the various public housing estates should, like all the Home Ownership Scheme (HOS) estates, be equipped with an iron grille at the entrance and a closed-circuit television. Security guards or watchmen should be hired to beef up the security of the housing estates. It is understood that the iron grille and other related equipment will cost approximately \$450,000. Taking the total number of public housing blocks in Hong Kong into account, which comes to over 1 200, the estimated costs will come to over \$500 million. If we take also into account the costs of maintenance and hiring security guards, and assuming each block has about 600 to 800 tenants, then the extra costs in terms of the monthly rent will be between \$40 and \$50. Meeting Point considers that these costs should be jointly borne by the Housing Department and the residents. With regard to new housing estates which have not yet been completed, the iron grille at the entrance to the lift lobby, the closed-circuit television, as well as the cost of hiring security guards, should be included in the design plan and become part of the standard provision.
- (2) With regard to the issue of illumination, Meeting Point has the following proposals:

- (i) Brighter light bulbs should be used in place of old ones and the frequency of cleaning the lamp shades should be increased so that a better lighting effect will be achieved;
 - (ii) The lights should remain on for longer in the morning before they are switched off so that residents who have to go to work early in the morning will have adequate illumination;
 - (iii) Maintenance of defective lamps should be expedited so that repair work will take less time. Defective corridor lamps and lamps at other access points should be repaired as expeditiously as possible;
 - (iv) A sufficient number of spare lamps should be available to immediately replace defective lamps;
 - (v) More lamps should be installed at shady access points and sitting out areas which are covered with plants so that criminals will not be able to use them as hideouts.
- (3) There are other problems with the design which is conducive to crime. For example, some of the "Y" shaped blocks are very vulnerable to crime. Criminals can easily climb into the flat through the lift lobby. The ventilation window also provides convenience for theft. Corners on the corridor and the space behind the fire exits can be easily used as ambush hideouts for criminals awaiting their victims. The Housing Department should make improvements immediately. Iron grille and other equipment should be installed at all spots inside the block which may be used by illegal elements in an effort to fight crime.

Mr President, quite apart from the law and order problem which has become a cause of much anxiety for the residents, the problem with the design of the public housing and HOS estates, and the inadequate monitoring of building progress, have in many cases led to serious consequences in terms of estate management in the longer term. Of these various problems, the one which is most serious and causes the greatest nuisance to residents is the problem of seepage in public housing and HOS estates. Indeed, this problem has become so prevalent that in recent years none of the newly completed housing estates, and none of the newly completed HOS estates, is spared. Such is the extent of the problem. What is more, the laundry pole-holder is structured like three incense sticks, which makes it very easy for residents to lose balance and fall off the building. The railings along the corridor are also built much too low, making it easy for children to climb on them and fall to their deaths. Such incidents are not unheard of and are matters of grave concern to the residents. On the other hand, the Housing Department is in the process of gradually privatizing the management of HOS estates and car parks in the public housing estates, together with the cleaning work and maintenance of elevators. There

are even plans afoot for the privatization later on of the management of shopping arcades and food markets. Admittedly, the turning over of management duties to private firms should not be a cause of complaint. However, the unfortunate fact is that the inadequate monitoring of the Housing Department has led to all sorts of problems. In many cases, this has sparked off the discontent of residents with the management companies concerned, and resulted in all sorts of conflicts. Meeting Point therefore considers that there is all the more need for consultation with the residents to be stepped up in order that they will be able to participate in the process of monitoring as users of the various services. Problems have to be reflected in order that improvement will be made eventually.

Insofar as the public housing sector is concerned, although joint meetings between the mutual aid committees have been introduced in the estates, Meeting Point would like to propose that the scope of consultation should be widened and the channels of consultation should be strengthened. With regard to the HOS estates, the Housing Department should render assistance to residents so they will be able to set up residents' associations as soon as possible. For example, owners' corporations and owners' committees should be set up to enable residents to have a formal channel of communication with the Housing Department and the management companies. This, needless to say, will also facilitate the collection of residents' views by the authorities concerned.

Mr President, there are actually so many problems in both public housing and HOS estates which have been the cause of longstanding discontent of residents, in the areas of management and law and order and so on. I wonder to what extent these problems are appreciated by the senior management of the Housing Department. It is unfortunate however that the Director of Housing, Mr FUNG Tung, is not with us today to listen to Members' views. Lastly, I hope that the Housing Department will make improvement immediately to some of the pressing problems instead of using public consultation as an excuse to delay taking real action.

Mr President, with these remarks, I support the motion.

MRS SELINA CHOW (in Cantonese): Mr President, my speech today will mainly deal with estate management, in particular the management of the commercial tenants. To my knowledge, the standard of estate management varies considerably from housing estate to housing estate and the Housing Managers in different housing estates produce different results. Some Housing Managers do their job competently whereas some are really making a mess of it. Some housing estates may be newer and of better living environment and the Housing Managers working there may be more enthusiastic about their job which may be more demanding. At any rate, I am sure that it is the Housing Authority which must address this problem.

Many colleagues mentioned the inefficiency of estate management just now. These are the common complaints, we often hear of, from the tenants. The inefficiency is a result of many factors but if we are to find out who is to blame, then the Housing Manager should be the one who has to bear the responsibility. Many Housing Managers assume an air of bureaucracy. They approach their job with a halfhearted attitude or are fond of riding the high horse, as it were. They may actually be bureaucratic. But, as a matter of fact, I suspect that they may be subject to too many restraints under the highly centralized system. I hold that the Housing Authority should conduct a review to find out what can be done to improve the system where possible.

Apart from this, it seems that the performance of the management staff does not gain any public recognition. The promotion prospects and career development of these management staff do not have much direct relationship with the clientele's evaluation of their performance. All the above-mentioned problems indicate that there is a need to enhance the management staff's professionalism and to alter their bureaucratic attitude in such a way that they must realize that they are serving the people. Meanwhile, the central authority should delegate its power so as to improve the management staff's services and cater for the local demand.

I would like to suggest a more positive approach to enhance the professionalism and sense of belonging of the managerial staff, that is, to design an assessment system which involves the residents' participation. Just like other government departments which provide services to the public directly, the Housing Authority should at least draw up a set of performance pledges. On the whole, the Housing Authority should have some sort of management assessment criteria to spot those with outstanding performance in order to give them the deserved credit and commendation.

Mr President, we have received many complaints from the commercial tenants on rent increases. The Housing Authority considers the level of rent increases of commercial units as a commercial consideration which should be left to the market. The Housing Authority indeed sets a ceiling on rent increases. Still, it is quite common to see that within a three-year tenancy, there will be an annual increase of over 20%. As a result, the overall increase may be 70% to 80% in some cases. And the heart of the problem is that the Commercial Tenancies Section of the Housing Authority is the only means of appeal for the commercial tenants if they have any grievances. I am not doubtful about the professionalism of the Authority and the professionals serving on the Section. But the arrangement that those who deal with their appeal cases are representing the landlord's interests simply cannot win the commercial tenants' confidence. I suggest that the Housing Authority should expeditiously find out a solution so that an independent tenancy assessment unit can be appointed to handle such appeals in the future. It will not only forestall

any future protests by the commercial tenants, but also clear the Housing Authority of its notorious name as being unfair to some tenants.

With these remarks, I support the motion.

MRS PEGGY LAM (in Cantonese): Mr President, the suggestions of installing iron gates and CCTV in public housing estate buildings were vetoed on grounds of costs when the Housing Authority reviewed the situation of public housing estates at the end of 1992. But it undertook at the time to introduce some other measures such as improving lighting and increasing the frequency of patrol by Housing Assistants. However, unfortunately incidents involving a sex maniac in Tuen Mun occurred early this year. Two women returning home late at night were assaulted and killed, both at badly lit stairways. This indicated that the measures mentioned above have either not been implemented in full or failed to achieve their intended effect.

Liaison with police such as assigning more policemen on patrol when necessary was especially stressed in the said review. However, there is one point we must make clear and that is that public housing estates should not be equated with public areas for the former after all are where people live. They are the dwelling places for people — the only difference being the Government is the landlord. Policemen patrolling the areas will rarely patrol the buildings and stairways except in case of incidents having happened. And there are only several Housing Assistants in each estate. There is no way that the law and order situation can be good when access is open to anyone in these high-density residential buildings without any watchmen and lockable gates, is there?

As the saying goes: "Prevention is better than cure", the long-term solution lies in practical improvement to the management of public housing estates, rather than relying on the stopgap measure of stepping up patrol after the occurrence of incidents. Besides, the police have been having a shortage of manpower in recent years. If we should rely on the police for the maintenance of law and order in all public housing estates of Hong Kong, not only would efficiency be less than ideal, but the job would also become a heavy burden on the police. Hence we would end up pleasing nobody.

When I questioned the Secretary for Planning, Environment and Lands on 26 May about the law and order situation in public housing estates, he replied that the crime rate in public housing estates was 12.4 per 10 000 residents, lower than the 34.5 for Hong Kong overall. But it could be misleading to calculate this crime rate on the basis of population density. Just as I said earlier, public housing estates are densely populated residential accommodation. The crime rate of public housing estates should at least be compared to that of all residential areas in Hong Kong if we are to get nearer to the truth. Moreover, the Secretary for Planning, Environment and Lands pointed out that law and order has not deteriorated within public housing estates, the crime rate of which

slightly dropped in the first quarter of this year. Here I should like to ask the Secretary for Planning, Environment and Lands to advise this Council of the actual crime rate and the nature of crimes in public housing estates for the last two years, and what measures the Government has to prevent and reduce crimes in public housing estates.

With the development of new towns in Hong Kong, the majority of large housing estates in many new towns now are occupied by small families of relatively younger people who have moved in from other districts. Neighbourhood relations are therefore weaker than what they used to be. If we continue to employ the conventional "open" management practice, it will not only turn public housing estates into hot beds of criminals, but also give rise to numerous complicated social problems. While the recent Tuen Mun sex maniac incident is only a more extreme case, the other problems such as rife loan-sharking activities, the ever worsening youth gang problem and even minor incidents like objects falling from height are directly and indirectly connected with inadequate management of public housing estates.

It was also mentioned in the course of the Housing Authority review conducted at the end of 1992 that discussions would be held with mutual aid committees and residents' associations and that tenants would be reminded of the importance of neighbourhood security. What is the progress in this aspect? Does the Government have any specific and substantial measures to enhance public housing tenants' sense of belonging and neighbourhood relations?

Given that public housing tenants account for more than half of the total population of Hong Kong, if the Government continues to adopt a miserly approach in its financial commitment, the situation will continue to deteriorate and public housing tenants will not be the only ones affected. The problem will become a heavy burden on Hong Kong as a whole.

With these remarks, Mr President, I support the motion.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

Introduction

One of the main functions of the Housing Authority, as they are described in the Housing Ordinance (Cap. 283), is to manage its estates "having regard to the interests, welfare and comfort of the tenants, owners and occupiers". This is a sizeable task measured by any standards, covering in fact about half the homes and half the population of Hong Kong. It would be a little surprising, therefore, if it were accomplished entirely without difficulty, and if total and permanent satisfaction among the 3 million recipients of the service were achieved. In other words, there will always be more to be done and room for improvement and I would expect members of the Housing Authority and staff of the Housing

Department, who work long and hard in recognition of this "fact of life", to be the first to acknowledge it. In my experience, they are far from complacent about their task. Whether they need the additional pressure of motions like today's to ensure that they continue to apply themselves to the task with their customary diligence is for Members here to decide, but I have my doubts.

The motion, like last week's question on crime in estates, suggests that conditions in housing estates are getting worse. As with crime, this is not borne out by the figures and facts I will present. This is not to say either that everything is perfect or that there are no problems and no problem areas. About 70% of the complaints received by the Housing Department each month (yes, they do receive complaints and they do respond to them!) relate to estate management. There are about 750 cases a month. Nearly half are about repairs and maintenance, another 30% about building services, and the rest about hawkers and estate road control and so on. There are actually very few complaints about cleansing, refuse collection, hygiene and security services, which are the theme of the motion. On the whole, HOS management also attracts very few complaints, mainly because the owners themselves can decide on the service and maintenance requirements for their own properties.

Overview

Over the past three years, the Housing Authority's rental stock has increased by 3% to the present 640 000 flats; and its HOS/PSPS flats by 39% to 159 000 flats. Considerable resources have been devoted to providing an estate management service to match this growth. For example, the Housing Department's Regional Management and Maintenance establishments have increased by 7% and 10% respectively. There are over 15 000 contract workers providing cleansing, security, amenities and maintenance services. The Housing Authority's expenditure on maintenance and improvement for its rental estates has seen an increase of 60% to the current \$1.5 billion over the past three years, of which 90% are for preventive and planned programmes.

The Housing Authority's estate management objective is to provide greater customer satisfaction by anticipating problems before they occur, introducing improvements wherever possible, and attending to complaints promptly. It is not a passive service but seeks to be both pro-active and responsive. This is borne out by the improvements the Authority has introduced to its estate management service over the years, which I will now outline.

Maintenance and improvement

The Authority's comprehensive repair programme covering 400 blocks in 53 older estates is making good progress. A review of day-to-day minor repairs carried out in estates was completed in March 1992 and a number of improvement measures are being implemented. These include better inspection and recording of works ordered and closer co-ordination at the district level

among estate management, maintenance personnel and contractors. A pilot scheme has recently been implemented in 11 estates whereby special repair teams under the direct deployment of estate staff carry out minor repairs, within 24 hours if possible, upon receipt of a request through the estate office or the hot-line.

As regards building services, under the electricity supply reinforcement programme, electrical installations in older blocks have been upgraded to cope with the greater use of electricity in general and air-conditioners in particular. Since 1991, the Authority has started a rewiring programme, with 26 000 flats being upgraded to meet current load requirements. The Authority is now able to deal with black-outs within two hours. During the summer, contractors will be asked to provide stand-by resources at all times to cover the more remote estates.

Since 1988, a lift modernization programme has been implemented to replace 131 lifts. So far, 105 new lifts in seven estates have been installed. In addition, there is a semi-modernization scheme for 76 blocks due to be redeveloped, the intention being to ensure a lower lift breakdown rate in their remaining life span.

Law and order

As I said in this Council last week, there is no indication that the general law and order situation in public housing estates is deteriorating. True, there are incidents of crime in public housing estates which are rightly of concern to the local residents and the community at large. But we should not allow the incidence of crime in itself to lead us to the conclusion that things are getting out of hand.

Residents are encouraged to report to the police if they detect or fear they may become victims of loan sharking activities, illegal gambling or triad infiltration in the process of decoration works. These are matters which are raised at Mutual Aid Committee, Area Committee and Fight Crime Committee meetings, at which both the police and the Housing Department are represented to provide assistance. In many estates tenants themselves are able to help the police fight crime.

Some Members have suggested improving security arrangements in housing estates which are more prone to incidents of crime. As I indicated last week — and, contrary to some of the less accurate press reports, I did not say that security arrangements, in particular in Tuen Mun estates, could not or would not be improved — quite the opposite, as events have since proved — the Housing Authority is prepared to endorse the provision of additional security installations as long as the "user pays" principle is applied. Feedback from tenants on the subject is not unanimous however. The Authority will therefore conduct a pilot scheme and an independent survey will be conducted to gauge

tenants' views on possible measures and their willingness to pay for them. We expect to have the survey results ready in about three to four months.

Road and carpark management

Due to increased car ownership and goods vehicle activity, unauthorized parking on estate roads has become more than a nuisance in some estates. In 1992-93 alone, as many as 76 000 vehicles were impounded and 720 towed away, and 21 000 offending motorists were prosecuted by summons. With the passage of the Housing (Amendment) Ordinance in February this year, the Housing Authority is now empowered to make by-laws for issuing fixed penalty tickets. We expect substantial improvements in the control of indiscriminate parking in estates when a new set of by-laws is introduced later this year.

Hawkers and markets

Members are only too well aware that it is not easy to manage markets and hawkers in either private or public places in Hong Kong. The Authority is also aware of the problems associated with the design of markets. In 1991, it adopted a new set of design guidelines with a view to minimizing problems of encroachment and creating a much better shopping environment. Its recent experiment to privatize the management of a whole market by a single operator has proved successful. The Authority will continue to make suitable premises available for this arrangement.

The control of illegal hawking is an intractable problem in some older estates. In 1991, the Housing Authority Major Operation Unit, which deals with hawker clearance in rental estates, was restructured on a regional basis. It has proved to be more effective in tackling priority areas within each region. Closer liaison and co-operation with the municipal councils have also prevented illegal hawkers from taking advantage of "grey areas" at the fringes of estates.

Cleanliness and sanitation

I now turn to the subject of estate environment. Given the wide range of buildings in the Authority's stock by type and vintage, there are inevitably different standards in their cleanliness and amenities. Although some older buildings ripe for redevelopment may look a little worn, the general standard of cleanliness inside the estates has remained basically satisfactory. This is due in no small measure to improved monitoring of contractors' performance through a new points system, less blatant littering through civic education and generally a greater concern for the environment among residents.

Concluding remarks

Mr President, the maintenance of good conditions and successful management in housing estates, whether public or private, requires a long-term commitment by residents and staff. This means permanent vigilance,

partnership and ongoing review. I am sure that the Housing Authority will take Members' views into account where these are constructive in its continuing efforts to improve its estate management services and to undertake systematic reviews of individual aspects of its responsibilities on a regular basis as necessary as it has up to now. Similarly, the need for consultation will also no doubt be considered, depending on the subject. Given its track record of being open and receptive, however, I am sure it will not lightly deny the public of the opportunity to comment on matters of concern.

Since the motion this afternoon relates to the Housing Authority's statutory responsibilities for the management of public housing estates and appears to cast unwarranted doubt on the performance and diligence of the Authority and its staff, the Official Members of this Council will not support this motion. Thank you.

PRESIDENT: Rev FUNG, do you wish to reply? You have 3 minutes 39 seconds.

REV FUNG CHI-WOOD (in Cantonese): Mr President, government officials and elected Members always do not see eye to eye on many questions. Let me quote once again the findings of the survey I conducted last month. The findings of the survey indicate the gravity of the problems at issue in the public rental and Home Ownership Scheme estates. I asked the respondents 11 questions including lift services, security in housing estates, youth gangs in housing estates, illegal hawking, sanitary standard of the food market, cleanliness and sanitation inside the estates, price of commodities on the food market, illegal parking, falling objects from height, illegal keeping of dogs and complaints against maintenance services. On average 29% of the respondents were satisfied with the overall situation, 27% expressed dissatisfaction (that is, the general response to the questions) and 31% thought that the situation was "acceptable". According to this survey, respondents found the general situation "dissatisfied", "acceptable" or "satisfied" respectively account for about 30% of the total number of residents participated in the survey. Mr President, at first glance it seems that the situation is not too bad. But one, on second thoughts, would wonder why there are only 30% of the respondents who felt satisfied. Why are there 30% of the respondents who found the situation "acceptable" instead of satisfactory? I am also a member of the Regional Council myself. For every two years the Regional Council will conduct a public opinion poll on its services. According to the poll, the response to most of the questions, except the hawker problem, shows that as many as 70% of the respondents feel satisfied. If such a poll is anything to go by, the findings of an opinion poll should be regarded as positive when at least 70% of the respondents express satisfaction. Of course, different estates may have their specific problems. I do not intend to go into details on that front because the purpose of my survey was only to study the general situation.

Let me cite another example about the problem of cleanliness. The actual number of staff in some cleaning companies is in fact far below that as specified in the contracts they signed with the authorities concerned but the housing managers are ignorant of such a situation. As time is running short, I would like to proceed to other issues. Some Members think that the publication of a report on the problems at issue may not be of any use. In fact, a great deal of the estate problems under discussion are common phenomena and the top echelons of the Government must look at them squarely. Now let me cite another example about the keeping of dogs. Last year I raised this problem with the Director of Housing and also submitted a written question in this Council. Toward the end of last year, the Housing Department gave me an open response, saying that it would take active steps to address the problem. I cannot help asking why the Housing Department had failed to spot the problem itself and then come up with measures to address it before the problem was pointed out by a Member of the Legislative Council. I am sure that Members of this Council will be furious if the motion is agreed to later but the Housing Authority and the Housing Department do not put it into practice or follow the views of this Council. If the motion is agreed to by Members of this Council, I earnestly hope that the Government could, in accordance with the contents of this motion, expeditiously review the issues that are of concern to Members of this Council, formulate a concrete plan and publish a report for public consultation. To put the necessary measures into practice as far as possible will ensure the residents in public rental and Home Ownership Scheme estates a better environment.

With these remarks, I hope Members of this Council will support the motion. Thank you.

Question on the motion put and agreed to.

DISPARITY BETWEEN THE RICH AND THE POOR IN HONG KONG

MR FREDERICK FUNG moved the following motion:

"That this Council urges the Government to address the issue of disparity between the rich and the poor in Hong Kong, conduct a comprehensive study to gauge the gravity of the problem and its causes, and formulate corresponding tax policies and relevant social policies to bring about improvement."

MR FREDERICK FUNG (in Cantonese): Mr President, the purpose of this debate is to address the problem of disparity between the rich and the poor in Hong Kong. This debate is not an attempt to accentuate the conflict between social classes. It is by no means, as suggested by Mr Henry TANG in a newspaper article, an attempt to develop class struggle or socialism with Hong Kong characteristics. The discussion of the issue of income disparity is to

throw light on the social and economic situation of the various social classes so that the Government will be able to formulate policies, with better knowledge of the living conditions of the general public, which will rectify more effectively the wealth gap in the areas of economic affairs, social welfare and taxation. If improvement can be made to the wealth gap, then a more balanced and harmonious development will be achieved by the community as a whole and the social tension which may result from the aggravated disparity in wealth will be averted. This will be conducive to lessening class struggle and integrating the various social classes into a more healthy community.

As a matter of fact, the study of the issue of income disparity has been pioneered by the most advanced democracies in the world. It is an issue that they have studied most thoroughly, in both qualitative and quantitative terms. In contrast, the countries which are closed to the outside world and run more like dictatorships are exactly those which tend to ignore the problem of income disparity. We can see that this issue is usually ignored in most of the present socialist countries or communist countries. Although Hong Kong is an open and modern city, the Government has all along paid little heed to the issue. The past 10 years saw steady growth in our economy. Individuals who have the economic means to invest have been able to increase their wealth geometrically. Meanwhile, the economic condition of the grassroots has remained very much the same over the years. The Government has not attempted to narrow the gap between the rich and the poor through its tax policy, through its economic and social policy, nor through a redistribution of social resources.

The question is how serious indeed the income disparity in Hong Kong is and wherein lies the crux of the problem. This sort of question is something the Government should seriously study so that it will have a clear objective and direction when formulating its policies.

The amendment motion has made no mention at all of the income disparity. It runs totally against the spirit of the original motion which demands that the issue of income disparity should be studied. It looks as though that issue might as well be forgotten altogether. The question is whether the issue of income disparity will simply go away just because the amendment motion considers that it does not exist. Over the last 10 years or so, has the Government really been able to make sure that the grassroots were able to share the fruits of our economic prosperity through its existing taxation, social and economic policies? Has the general public been able to benefit from the economic prosperity as the amendment motion seems to demand? I might as well provide some statistical information which I acquired from the grassroots for Members' reference. We will be able to get a better picture of the real situation by conducting some simple analysis and study.

According to the data provided by Mr Philip BOWRING, a columnist in the Far Eastern Economic Review, the real growth of wages in some industries was 14% for the period between 1982 and 1991. The main contributing factor to the wage growth was the relatively high incomes prevailing in certain trades

and industries, such as the finance industry, the manufacturing industry and the trading industry. The wage increase for the man in the street for the period between 1982 and 1991 was only a modest 10%. However, the wage increase over the same period for the transportation, trading and individual service industries was 35%. Indeed, between 1991 and 1993, some of the industries which are directly related to finance have had a real wage increase to the tune of 65%. Meanwhile, employees who have not been able to switch jobs or receive promotion are not able to enjoy the benefits of our economic growth in the way of a substantial wage increase proportional to that enjoyed by the above sectors.

Another figure which will enable us to see the picture more clearly is the change in the number of cases requiring public assistance which apparently will provide an easy reference with regard to the aggravation of the plight of the poor in Hong Kong. It is also apparent from the statistics provided by the Government that, between 1981 and 1990, there was a 45% increase in the number of public assistance cases (over 10 000 more cases). This, compared with the 10% population growth (670 000 more people) of Hong Kong over the same period, indicates that the number of recipients of public assistance had multiplied by four times in that decade.

The Gini Coefficient is often used as the measure to indicate the disparity between the rich and the poor. It has been proposed as a very objective criterion by the Census and Statistics Department. It has increased steadily in the past 20 years, rising from 0.43 in 1971 to 0.45 in 1988; in 1991, it actually shot up to 0.48. The larger the numerical value of the Gini Coefficient, the more serious the income disparity it reflects. The 0.48 figure recorded in Hong Kong is higher than that in most western countries. Free market economies which practise democracy, operate in the same way as Hong Kong, and have a similar social structure, usually have a Gini Coefficient which is under 0.4. Indeed, Taiwan, our neighbouring country, has a Gini Coefficient under 0.3. In Hong Kong, it has never fallen below 0.4.

Let us look at some other statistics. I would like to ask: Have there been more opportunities for upward social mobility? It is mentioned in the amendment motion that we should improve the existing disparity between the rich and the poor through our education and social welfare policies and at the same time enable Hong Kong people to share the fruits of our economic success in a reasonable manner. It is probable that there is an implication behind the amendment motion that our social welfare is quite all right, and our education policy in particular is quite sound. The implication is that the grassroots are able to have upward social mobility through educational opportunities, that they are consequently able to improve their quality of life. The implication is that educational opportunities are quite plentiful and everyone is able to make use of these opportunities to receive higher education with a view to achieve higher social mobility. But I would like to tell Members that, according to a report released by the Chinese University of Hong Kong in 1992 which analysed the class structure of Hong Kong, the inter-class movement of Hong Kong society is rather slow and hard to achieve. Inter-class movement does not refer to

whether someone has the opportunity to make money. According to the Census and Statistics Department, Hong Kong people are divided into 14 occupational classes. And these 14 occupational classes can be broadly classified into four to five sorts of common backgrounds. For example, they may be professional class, skilled workers, semi-skilled workers and non-skilled workers and so on. Within each one of these groups, one can find four to five occupations. Assuming that one has the freedom to change jobs, it is relatively easy to change from one class to another. However, if one wants to climb up the social ladder from a lower class background to become a member of the upper class, it is going to be quite difficult. Put in another way, in the case of a professional-class general manager who is also a businessman, there is very little chance, or close to no chance at all, for him and his children to move down the social ladder and actually end up becoming unskilled workers. Conversely, it is going to be very difficult for an unskilled worker and his children to climb up to the first rung of the social ladder. Insofar as the present state of affairs is concerned, inter-class movement, upward or downward, is still rather restricted in Hong Kong society.

I would like Members to look at also my fifth argument, which has to do with the issue of inflation. Investment proceeds is a factor which is relatively crucial to the aggravation of the income disparity in Hong Kong. Over the last six years, residential property price has shot up by 234% and the price of rental by 91%. Any household either occupying their own property or investing in property is able to reap considerable profit as a result of the increase in rent and property price. Put in a simple way, the disparity in wealth between the property-owning class and the property-less class must have been considerable over the past five to six years. Meanwhile, over the past five years, the stock exchange has also risen significantly with stock value more than doubling within this short period. Most of the low income classes are unable to share the benefits of the property boom and the rising stocks and they have been practically reduced to putting their money in the bank accounts which yields very low interest. In the face of a close to 10% inflation rate, and with saving interest being fixed at about 1.5%, the purchasing power of the general public has been steadily declining, by an average of 8% each year.

I think that our grasp of the above mentioned problems is by no means complete. If we want a complete picture, I think we can only turn to the Government which has the sufficient data and statistics. If we want a complete picture, I think only the Government is in a position to give the kind of support which will be needed for a comprehensive study of the issues to be conducted by lecturers and graduate schools of our tertiary institutions. Then we shall know more about the problem.

As Mr Henry TANG puts it, the disparity between the rich and the poor is a problem which exists in all societies. But it is also a problem which all societies should be prepared to tackle. I think the Government should at this point take a positive approach to face up to the problem. It should conduct an in-depth study into the problem to find out the causes of the problem on the

basis of the study results. Government policies, including taxation, social and economic policies, should be used to address the problem at source so that improvement will be made to the problem of income disparity in society. This is the way for Hong Kong to develop into a healthy society which will have less conflict and confrontation between different social classes.

With these remarks, I move my motion.

Question on Mr Frederick FUNG's motion proposed.

PRESIDENT: Mr Henry TANG has given notice to move an amendment to the motion. His amendment has been printed in the Order Paper and circulated to Members. I propose to call on him to speak and to move his amendment now so that Members may debate the motion and the amendment together.

MR HENRY TANG moved the following amendment to Mr Frederick FUNG's motion:

"To delete all the words after "This Council urges the Government" and substitute the following:

"to continue the existing tax and economic policies so as to ensure improvement in education and social policies as well as to provide the most conducive environment for the people of Hong Kong to contribute to and share in its economic growth and success.""

MR HENRY TANG (in Cantonese): Mr President, the greatest advantage of Hong Kong is that everyone has equal opportunity and can compete with other people on a fair basis. One has only to work hard and be enterprising to be able to progress from small provision store owner, to owner of fast food shop or hair salon, from a plastic manufacturing plant owner to multi-billionaire land developer. There are equal opportunities for everyone. They are conducive factors to the creation of a better future for the individual, and to the creation of a quality living and social environment. We should treasure and make good use of these conducive factors. I am strongly opposed to any measure or suggestion which will jeopardize, through deliberately playing up the notion of class struggle, the free market economy which we are enjoying today in Hong Kong.

It has been nearly two years since I became a Member of the Legislative Council. I think Members may already have some understanding of my work attitude and will trust that I have the interests of the general public very close to my heart. I hope you will not take me for a heartless employer. Indeed, I fully understand the motive behind the motion being moved by Mr Frederick FUNG, which is the desire to help the real poor. I appreciate his good intentions. The reason why I move to amend his motion is that I cannot accept the way in which

it is worded. It is too generalized, too radical and deliberately worded to drive a wedge between social sectors and as such it is prone to inciting class confrontation. He said just now that it is not his intention to create class conflict, but why has he made a point of repeating the theme of upward and downward class movement, as if he was talking about the situation in India? But is Hong Kong society like the Indian society where there are so many social classes and where social mobility is out of the question? I want to ask Members if they would agree that Hong Kong is like India in this respect.

It goes without saying that there are people who are relatively well-off and there are people who are relatively not so well-off, but this is the case in all human societies. This is the case in a country which practises free market economy, as well as in all self-styled socialist countries. This is the case in Hong Kong too. If this were not the case, then Hong Kong might just as well become the paradise of Marxism. But paradise belongs in the realm of idealism. It has been proven by empirical evidence that if one gets the same reward just like everyone else irrespective of how much one puts into one's work, then over the passage of time, human nature dictates that lethargy will eat into one's spirit of enterprise. Forty years after its establishment, the communist China has now switched gear and actually gone for a socialism with Chinese characteristics. China is developing in the direction of market economy and getting rid of the concept of eating from that proverbial communal rice pot. I wonder whether people are really serious about wanting Hong Kong to develop a capitalism with Hong Kong characteristics.

Many people, including Mr Frederick FUNG, like to use the Gini Coefficient as an index to determine whether the disparity between the rich and the poor is serious. I have some reservation about that. I think that it is too superficial and too simplistic if the entire argument that growing gap is evident between the rich and the poor is solely based on these statistics. First of all, I have to point out that the numerical value of the Gini Coefficient is actually arrived at on the strength of the income level of the working population. Even if we were to assume that the income levels of 99% of Hong Kong's population are already quite the same with each other, then the income level of the remaining 1% of its population will still have a bearing on the Gini Coefficient. For example, with the China market opening up, many Hong Kong people are presented with the opportunities of creating wealth and get rich as a result. Suppose that 1% of our population have substantial income increases, then the Gini Coefficient will continue to rise, irrespective of how much tax these people are required to pay.

Mr President, the fact that the rich will be able to become even richer in society means that opportunities of wealth creation exist in that society. We hope that everyone will be able to share the fruits of prosperity. The question which I would like to ask, however, is whether the poor in Hong Kong are becoming ever poorer. Statistics show that over the last 10 years, Hong Kong people, as a whole, have in fact prospered and there has been steady improvement in terms of quality of life. Wage increases over the last 10 years

have risen, according to government statistics, by as much as 93.5% while the rate of inflation over the same period was only 78.3%. Put in another way, workers have been able to benefit in real terms. If we look at manufacturing workers' wages, we will find that in 1988, the average wages per month were \$3,900, but in 1992, they rose by 66% to \$6,500. The rate of inflation over the last five years has been only 48.8% in aggregate terms. In this regard, I do not think that the living standard of Hong Kong workers have had no improvement at all, as Mr FUNG suggested just now. I agree that the Government should pay more attention to the welfare of the lower classes in Hong Kong in order to protect the basic livelihood of Hong Kong people. The greatest attraction of the economic development of Hong Kong for the investors is its low and simple tax system. If the tax rate is to be adjusted at will, then the wrong signal will be sent out to the foreign investors who will become sceptical of the stability of the tax system of Hong Kong. That will be a major blow to the economic development of Hong Kong.

Mr President, I understand that Mr Frederick FUNG moves his motion entirely out of good intentions; I understand that he wants to improve the basic livelihood of the people around us who are caught up in poor circumstances. In order to solve these social problems, I believe that housing, welfare for the aged and other general social services are rather indispensable. If we can have separate debates to come up with solutions and improvement measures specific to the problems mentioned above, then I am sure that this would be acceptable to many of us.

I would like to make the following proposals.

- (1) The Government should increase the supply of land for the development of public housing and Home Ownership Scheme estates. It should expedite the processing time of Waiting List applications so that these applicants will be able to be rehoused as soon as possible. As a matter of fact, I will not deny that the Government has already done a lot of work in the area of housing over the last 10 years. In 1981, only 37% of Hong Kong's population were living in public housing; in 1992, the figure shot up to 46%. This social welfare has enabled many people who are living in public housing to buy private property and prestigious cars and improve their material well-being considerably.
- (2) With regard to welfare for the elderly, it goes without saying that the Government can do a lot in terms of providing medical services and according priority to senior citizens when it comes to re-accommodation.

Lastly, Mr President, the most significant characteristic of Hong Kong, and the one which is most valued, is that our society is full of opportunities and hope for everyone. We can invest, develop and start our businesses. There are so many success stories happening around us, of people who started from

scratch and somehow managed to become multi-billionaires. However, if we were to make an attempt to redistribute wealth by raising taxation and changing the operation of our present free society, then I fear that it would only lead to class struggle. That will deal a heavy blow to the international status enjoyed by Hong Kong during the transition period. I believe that the Government needs only provide an environment which is conducive to fair competition, investment and employment for everyone to develop in his preferred way. Meanwhile, the Government should improve the quality of education and education opportunities to enable Hong Kong to undergo economic transformation and promote its high technology development so that workers can switch jobs while this is happening. I hope that everyone in Hong Kong will be able to achieve a good standard of living as a result of social progress which we have achieved. I do not want to see any drastic changes to the way of life in Hong Kong.

The buzzer sounded a continuous beep.

PRESIDENT: You have to stop, Mr TANG.

MR HENRY TANG (in Cantonese): Mr President, with these remarks, I move my amendment motion.

Question on Mr Henry TANG's amendment proposed.

MR ALLEN LEE (in Cantonese): Mr President, I lived in Shanghai when I was a child. At that time, the Chinese Communist Party thought that there was disparity between the rich and the poor in society and therefore launched a series of campaigns with the aim that everybody could receive an equal share of wealth. This was the main purpose of the movement against the three evils and another movement against the five evils. Although I was only a secondary student then, I had to take part in these movements. I had to take to the street nearly every day, chanting "down with capitalism" slogans. The impact on China of these anti-capitalist movements is now there for everyone to see.

Towards the end of 1954 when I first came to Hong Kong, I saw squatter huts all over the hillsides, a scene that obviously showed the poverty of the people of Hong Kong at that time. I believe that some of our colleagues in this Council can also remember the dire poverty then. In 1977 when I first returned to the mainland, I was deeply saddened to see how poor the lives of the people were. I almost could not believe my own eyes. China had then undergone 28 years of socialist rule and what socialism had brought to the people was poverty. These circumstances have left a very deep impression on my mind. Life in Hong Kong and life in China seemed like two different worlds.

The motion of Mr Frederick FUNG today urges the Administration to address the issue of disparity between the rich and the poor in Hong Kong. First of all, Mr FUNG affirms that such disparity exists and, on that basis, urges the Administration to conduct a comprehensive study to gauge the gravity of the problem and its causes and formulate corresponding tax policies and relevant social policies to bring about improvement. I cannot help thinking of the purported equal distribution of wealth under socialism in reading Mr FUNG's motion, and I wonder whether Mr FUNG understands why Hong Kong has become what it is today. Hong Kong's achievements are the result of our people's efforts during the past few decades. The wealth creation policy of the our Administration, implemented in a free economic system, offers equal opportunity to everyone to create wealth for oneself and fulfil one's ideal. Many friends of mine who may today be regarded as relatively rich grew up in squatter areas. I can introduce them to Mr FUNG if he likes. These friends of mine made their achievements because they worked hard. I think that the prosperity and the continued economic growth of Hong Kong are due to the success of our existing policy. Accordingly, social welfare in general has also been improved such that everyone can share the fruits of prosperity.

The Preparatory Committee of the Liberal Party believe that the existing policy, which has enabled Hong Kong to have today's achievements, should be continued. We uphold the policy of free economy, low tax rate and economic development, all of which will be beneficial to society as a whole. We also have to undertake a social responsibility in taking care of the aged people and those who cannot take care of themselves. but we definitely cannot adopt any policy that resembles those practised under the socialist system. As Mr Henry TANG's amendment reflects the policy we espouse, we will support his amendment and oppose Mr FUNG's original motion.

MR HUI YIN-FAT (in Cantonese): Mr President, it is true that the disparity between the rich and the poor is a commonplace problem at all times and in all countries, but as yet there is still no universally applicable solution. We have to admit the fact that everyone has his strengths and weaknesses. And those who give fully play to their strengths when the right opportunity arises can acquire greater wealth. However, as intellectuals in society with a conscience, we should endeavour to urge the Government to eliminate all elements in the administrative system which give rise to the disparity between the rich and the poor. And we should work for the creation of an environment whereby fair competition would be promoted and ensure that all those people who are congenitally disabled or who fell victim to accidents or misfortunes are given reasonable protection.

The Government's economic policy has been quite successful in guiding our economic development for some 20 years in the past. And the territory's gross domestic product (GDP), as a result of such policy, was as high as US\$16,000 last year, a figure not far behind from that of the United Kingdom and Australia, two advanced economies. Notwithstanding such achievement, the

Hong Kong Government unfortunately has all along paid scant attention to an even distribution of social wealth to such an extent that the Gini Coefficient for Hong Kong last year was close to 5%, a level which is extremely dangerous in the sense that an outbreak of social unrest was imminent.

I must stress one point and that is, I believe no one in a capitalist society will egg on one's government to set up a utopia by practising communism. Without such call, however, it does not mean that the Government can sit back and ignore the gap widening between the rich and the poor. I think the Hong Kong Government can achieve a fairer allocation of social wealth as least in the following two areas:

1. According to the estimates of the Budget for this year, only 110 000 people in Hong Kong are required to pay tax at the standard rate, representing about 4% of the entire labour force. Yet the tax they pay makes up 55% of the total revenue derived from salaries tax, or \$12.2 billion. On the other hand, the average median income earned by a worker in general is no more than \$6,000. No wonder that it is generally believed that the wealth of Hong Kong is controlled in the hands of a handful of super-rich and those earning a high salary.

In view of the above, I think that the Government can narrow down the wide difference between the rich and the poor by way of tax reform. Although in last year's Budget, the Financial Secretary has effected very moderate reform in respect of the extremely unfair tax system, including measures such as increasing tax allowances, widening the progressive tax bands, and providing assistance to the less fortunate citizens in society. Yet such measures can only be regarded as the first step in the right direction and there is still a rather long way to go before reaching a reasonable level. For example, for people who earn millions of dollars per annum, should they be required to pay tax at a higher rate than they are paying now?

2. The "positive non-intervention" policy pursued by the Government has proved to be successful in a number of economic fields. Still the policy should not be used as an excuse for safeguarding the interests of the well-off people. For example, wages in the labour market usually fluctuate according to the supply and demand of the labour market in various industries. The Government does not set a minimum wage level for workers, in particular the non-skilled workers, as a means to ensure that the success of our overall economic developments could be adequately reflected in the average workers' level of income. While it refuses to do so for the local workers, the Government, strange enough, specifies minimum wages in protection of imported workers.

To sum up, I think that the disparity between the rich and the poor in Hong Kong is not in the least a fortuitous one; it indeed stems from the unfairness in the system as well as in the policy. To narrow the gap, the Government must gather its resolve to make improvements in the taxation system so that more resources could be allocated to improve the living standard of the poor, and to enhance the productivity of the low-income workers. Only by doing so can harmony be achieved among different classes in Hong Kong for a smooth transition in 1997.

Mr President, with these remarks, I support the motion.

MR TAM YIU-CHUNG (in Cantonese): Mr President, it is already an indisputable fact that the disparity between the rich and the poor in Hong Kong has been aggravating over the past 20 years. The Gini Coefficient with which economists use to measure the wealth disparity was 0.43 in Hong Kong in 1971; in 1991, the figure already rose to 0.48. The past 20 years have seen rapid economic growth and social prosperity in Hong Kong. Yet the Gini Coefficient indicates that there has been a consequent and gradual widening of the gap between the rich and the poor, as a result of the social distribution of the wealth created. Recently, according to the analysis of an academic, the wealth disparity of Hong Kong is getting quite serious, such that we are not only worse off than many European countries and the United States in this respect, but also, our situation actually compares rather unfavourably with some of the Third World countries. In this regard, if the Government still turns a blind eye to this issue and fails to bring about some improvement with timely measures, then we would actually find ourselves living with a time bomb. If it goes off, it will cause severe social disruption and unrest, and other kinds of untold consequences.

As a matter of fact, I have always been gravely concerned about the problem of wealth disparity in Hong Kong. I have tried on repeated occasions, ever since I became a Member of this Council in 1985, to urge the Government to address this issue and seek ways to improve the situation. I have used the opportunity of the Budget debate each year to appeal to the Government to conduct a review of the tax system in Hong Kong so that the gap between the rich and the poor may be narrowed by means of a redistribution of social wealth. Such redistribution will also avert the scenario of too much wealth being possessed by too few people and a handful of consortia. It will also enable the man in the street to really enjoy the benefits of our economic prosperity. For example, during the debate on the 1990-91 Budget held in this Council in 1990, I proposed that the Government should set up a taxation review committee to conduct a comprehensive review of the taxation system in Hong Kong with a view to developing a tax system which is more suitable to the circumstances of Hong Kong. It is unfortunate, however, that the Government took no heed at all of my appeal. Today, in this Council, we have again another motion requesting the Government to address the same issue.

As a matter of fact, the fundamental cause for the wealth disparity in Hong Kong is that the tax policies and relevant social policies of the Government have not been able to take care of the interests of the grassroots. The bulk of our tax revenue actually comes from a small minority of taxpayers. This is not fair. The business and industrial sectors, which have been able to make immense profits, are not paying back quite enough to the community of Hong Kong. This, coupled with the fact that the Government has not been able to properly monitor the operation of enterprises and groups which tend to dominate the market and are quite free to profiteer, has resulted in the present state of affairs in which the rich get ever richer and the poor get ever poorer. There is no way the general public can really partake of the fruits of our economic prosperity.

Meanwhile, the structural transformation which has been happening to the economy of Hong Kong over the past 10 years has led to the further aggravation of the disparity of wealth. A large number of manufacturers have relocated their operations to Mainland China to take full advantage of the cheap labour in the country. It has been estimated recently by an economist in China, that over the past 10 years, Hong Kong manufacturers were able to cut the manufacturing costs by close to \$100 billion, by means of hiring the cheap labour force in China. Furthermore, as a result of the relocation of production, many manufacturers have sold their factory premises in Hong Kong and reaped a considerable profit in the process. It is also a well-known fact that Hong Kong manufacturers who have been able to reap huge profits by relocating their production lines to Mainland China have actually invested the money in the property market of Hong Kong. The result is that property prices have been pushed up even higher and the investors have been able to make even more profits. What is happening at the same time is the consequent mass unemployment of manufacturing workers. Even those who manage to keep their jobs are under threat of unemployment or underemployment. Their living standards have declined. According to the data of the Census and Statistics Department, manufacturing workers, on average, have not been able to enjoy any real wage increase in recent years. Their wages are very meagre indeed, particularly given the high inflation. For example, the wage "increase" for 1988 was a negative 0.1% compared to 1987. The growth rate for 1989 was only 1.8% over 1988. Whereas the growth rate for 1990 was 2.3% over 1989, a negative growth of 1.1% was recorded in 1991 as compared to 1990. The growth rate for 1992 was only a very modest 0.4% over 1991. It can be seen therefore that it does not suffice to pass for an improvement in the quality of life of manufacturing workers in the past few years. It may even be said that their quality of life has deteriorated. It is a great pity that many middle aged and elderly workers, who have made their contribution to the economic prosperity of Hong Kong in the past and are no longer as competitive as they used to be, have been reduced to abject poverty. Their wages are held down and they have to struggle without the protection of social security. It is indeed heart-rending to see them in their present circumstances.

Mr President, I think that the Government should no longer sidestep the issue of wealth disparity which has reached a critical point. It is up to the Government to review and improve the taxation system and its social policy so that our social wealth can be redistributed in a more equitable manner. The wealthy members of society should pay back to the community their fair share and the general public should be able to enjoy the fruits of our economic prosperity. It is for this reason that I will lend my support to Mr Frederick FUNG's motion. I oppose the amendment motion because it stresses that the existing tax and economic policies should be preserved, and it goes so far as to say that their preservation is the only way to enable Hong Kong people to enjoy the economic benefits. In any case, I consider that it is precisely because there are problems with our tax and economic policies that we are now faced with the problem of wealth disparity and that Hong Kong people are not able to share in our economic success. In this regard, I will not support the amendment motion.

Mr President, I so submit.

MR MARTIN BARROW: Mr President, whilst I understand the sincerity behind the Honourable K K FUNG's motion today, I cannot accept the underlying philosophy which is implied by the wording of his motion.

I have to say that Mr FUNG's wording reminds me of 19th century socialist dogma which is now out of date even in countries which maintain a socialist political system. For example, China's own imaginative economic reform programme has permitted individual wealth and yet nowhere in the world have overall living standards risen so rapidly in the last 10 years.

I fully agree that this Council should be supporting policies which improve the livelihood of the people of Hong Kong but look at what has been achieved. Take housing for example. Thirty years ago, almost a million people lived in temporary accommodation on hillsides. I remember visiting those areas during my first visit to Hong Kong in 1964, when voluntary agencies were providing emergency food supplies and there was little or no medical treatment. Look at our housing record since then. Today, those squatter huts almost totally disappeared — an extraordinary achievement unparalleled anywhere in the world.

During the same period, medical services, education and overall living standards have improved dramatically. I am not suggesting that there are not still some members of our community who need support but surely we can all be proud of what our Government has achieved.

How has all this been done? I am convinced that it is Hong Kong's free enterprise system that has brought prosperity to the people in this territory. Open market-orientated policies and a consistent regime of low taxation have encouraged both local and foreign investors to generate the wealth which has

provided the funds to support the Government's essential policies in housing, education, medical services and welfare.

What, Mr President, is the lesson of Eastern Europe? What does the bankruptcy of great cities such as New York teach us? Why is Western Europe turning away from democratic socialism? Why is the cry universal for lower taxes, smaller government and greater self reliance? The answer to all these questions is the same. The free play of market forces in a capitalist society and the economic prosperity which they generate is a far more efficient and effective way of improving the living standards of all people, than intervention by the government in economic activity in an attempt to divert those market forces towards particular social or political goals.

The remarkable partnership between the people of Hong Kong and its entrepreneurs has made Hong Kong one of the most prosperous territories in the world. Government's job is to provide the playing field and act as referee, no more and no less. It provides the rules which are clear, fair and entail the minimum interference with the game. Acting as referee means ensuring that Hong Kong is a caring society with appropriate standards of environmental protection, industrial safety, consumer protection, health, education and so on. What it does not mean is that we should build the so-called "Great Society" or try artificially to redistribute wealth with higher rates of taxation. The former leads to big government bureaucracy and a growing national debt. The latter stifles enterprise and increases poverty rather than abating it. Mr President, this debate implies that there is an attempt to introduce a new definition of "one country, two systems": capitalism in China, socialism in Hong Kong.

As I said at the beginning, I accept Mr FUNG's sincerity and I agree that the Government must provide appropriate support for those disadvantaged members of the community but this will not be achieved by "closing the gap" which Mr FUNG has just said he regards as a problem. What we must do is bring up the living standards of those less well-off. This is best achieved by concentrating on keeping our economy strong and encouraging investment.

With these words, Mr President, I support Mr Henry TANG's amended motion.

MR JIMMY MCGREGOR: Mr President, let me begin by saying that the Hong Kong Democratic Foundation agrees fully with the views I will express. I have the feeling that my colleagues in the Hong Kong General Chamber of Commerce will also agree.

When I began work with the Hong Kong Government 40 years ago in the Commerce and Industry Department, Hong Kong faced huge economic and social problems. We had over 1.5 million immigrants from China, most of whom had no particular skill and little in the way of personal or family wealth. The migrants lived in tar paper shanties, on rooftops, on hillsides, in alleys and

in any other place that provided some form of shelter. The situation of most of these unfortunate people was nothing short of disastrous and had all the seeds of massive calamity. China was in the early stages of recovery from a long war with Japan and the debilitating effects of revolution and its aftermath. In the years following 1949, up to 3 million people moved from China to Hong Kong. It is impossible for young people in Hong Kong today to understand what the immigrants faced at that time.

There was no social security system which could begin to adapt to the scale of the problem. We had no industries of any scale or quality, other than basic textiles, which could provide employment. We had few markets and those which reluctantly accepted our low quality products did their best to restrict entry as far as they could.

The Government of the day was overwhelmed with a workload and responsibilities which today can only be imagined. Until 1954 the Government was unable to accept that there was a social responsibility for trying to house the huge numbers of immigrants from China. The Shek Kip Mei fire in December 1953 changed that policy forever and the Government began the long tortuous climb up the ladder of social responsibility and institutional development. Housing, schooling and health were principal areas of concern. As far as I can recall, there was a time when less than 10% of children in the age group normally qualified for secondary schooling would actually receive such schooling. That was a terrible situation. Poliomyelitis and tuberculosis were serious health problems. Malnutrition was not unknown. There was serious exploitation of workers and children were forced to work long hours. It has been said often since these dark days that all we had was the will to live and the will to work. I think however that God also played a part in our survival.

Today, we have a vastly different situation. We have over 3 million people in government built housing of an increasingly better standard. We have hundreds of thousands of homes owned by those who live in them. We have compulsory education for all children up to Form III standard. We have a very substantial system of further educational training aligning to our economic and social environment and needs. Our medical services continue to expand and improve. They bear no comparison to those existing in the earlier years of our economic metamorphosis. Huge sums of money have been spent on economic and social infrastructure. A modern city, one which is the pride of our people, has been built with our own efforts and our own funds.

We now have one of the strongest economies in the world and one of the most open. We have followed a free enterprise, free trade, low tax economic philosophy and related policies and procedures. This has prospered to an astonishing degree, by any standard one cares to apply. We have had to ensure that economic progress has always preceded social development because we have never had the luxury of spending without earning. There has never been anyone ready to bail us out if we fail.

There are of course many more facets to the Hong Kong success story and we have suffered reverses as well as successes. But our general development has always been one of overall economic growth based on incentive and reward for those who work hard and those who dare. Who will say that we have followed the wrong path? Who will say that our economic philosophy is flawed and should be changed? Who will say that we lag behind other comparable developing countries? Who will accuse us of not caring for our workers, our sick and handicapped residents, our aged and our children?

It is our incomparable economic system that has given us the means to make miracles.

It has provided an enormously successful and dynamic city state. It has encouraged the development of a caring society, deeply conscious of the areas which need further attention and improvement and determined to bring these about.

I suggest that we must not seek to change the highly successful economic system that we now follow. An expanding economy such as we have will always produce the tax revenues to fuel continual social improvements through infrastructural and institutional spending. The vast changes going on in China will continue to provide a wide range of economic opportunities for Hong Kong, as far ahead as I can see. In *per capita* terms Hong Kong will benefit more than China but China is already experiencing the kind of economic surge that occurred in Hong Kong 30 years ago. The synergy is obvious and the result predictable.

With our kind of economy there will always be rich and poor. The rich will get richer no doubt. But the poor will also get richer and our *per capita* income will continue to rise in real terms as it has done for the last 30 years. Another great thing about this economy of ours is that those who are relatively poor today have greater opportunity to improve their earning capacity than in any other territory in the world. A great many rich people in Hong Kong did not start out that way. They worked hard and they were smarter or they were luckier than others. Most people do not grudge them their wealth but rather use them as role models or examples to try to follow. It is much more important to ensure that there is equality of opportunity than equality of income.

Given the present nature of Hong Kong and our future as a very special region of China, we will change our present economic system at our peril. It must remain intact. Our social system will continue to expand and improve until, in this area also, we shall be one of the best in the world.

We have nothing to be ashamed of and much of which to be proud.

Mr President, I support the amended motion.

MRS ELSIE TU: Mr President, I welcome this motion because I believe that the Government has not only failed to address the issue of the disparity between the rich and the poor but is in fact ignorant that such disparity exists.

In the 1950s and the 1960s the majority of people here were poor. But with the introduction of the public housing programme, the gap began to narrow. Public housing was at first very primitive, but it was cheap, and it laid the foundation of our middle class which is possibly now in the majority.

I believe that Hong Kong's economy was built on the low rents and secure tenure of public rented housing resulting in a great reduction in the number of poor families in the 1970s and 1980s. Unfortunately this impetus has not been maintained. The Government has gradually changed its housing policies. It has relaxed rent controls on private housing and at the same time set its sights on producing more expensive public rented housing and government home ownership flats while neglecting the housing needs of the lower income groups.

While I do not object to the Government's attempt to fulfill the aspirations of the middle income group by providing better quality housing, I regret that this has been done at the expense of those at the bottom of the social ladder.

Judging from the "G" numbers of those still on the waiting list, I would guess that between 300 000 and 400 000 families, totalling about a million people, are still in desperate need of decent and secure homes. Many of them are still living in the appalling tenement conditions of the 1950s and 1960s. Worst off are the middle aged and elderly who do not have families to care for them. Many of them earn from \$1,000 to \$3,000 a month. They are forced to live in bed spaces, on stairways, in passages, tenement cages and even on the streets and under flyovers. Some go from friend to friend or relative to relative for shelter. To rent a middle room with no window and measuring about 40 sq ft they would have to pay \$1,000 to \$1,500 a month and that is out of the question for them from their small income. But who cares?

The Government proudly boasts that it has rehoused half the population. It also boasts that there is a compassionate quota for the elderly. But the Government seems unaware that applicants for compassionate housing are discouraged by the fact that they are offered housing in the New Territories. If they are elderly it is like sending them into exile, far from friends and familiar places, at a time of life when it is difficult or impossible to make new friends.

The elderly are not the only ones suffering. There are other hapless people, such as the chronically ill, widows and divorcees with child custody living just below the bread line in miserable hovels and bringing up children who form the high risk group of those most likely to look for fulfillment in gang activities.

I am not asking for free lunches. I do not believe in offering free lunches because very few Hong Kong people want free lunches. All they ask is to live with dignity and that means first and foremost a place called home.

Mr FUNG's motion calls for a comprehensive study to gauge the gravity of the problem and its causes. This should not take too long because I know that some non-government organizations are well able to supply much of the information required.

I have been trying, unsuccessfully, for a long time to get it through to the Government that our housing programme is failing in its original goal of housing those in need. But of course there are also other reasons why disparity between the rich and poor is widening in the 1990s and I shall mention a few examples.

One is the increasing number of elderly people in the population. There is also the growing incidence of the elderly being rejected by their families and in some cases totally abandoned when their families emigrate. Another example is the increasing divorce rate frequently caused by gambling or drug addiction. A more recent and serious problem is the inhumane immigration policy that allows the children of Hong Kong residents to stay in Hong Kong but disallows the mother of the children to come here to take care of them while the husband works. I warn that there are increasing social problems resulting from this mindless immigration policy.

A further example is the increasing number of children leaving school at the age of 15 with no qualification for any job. These young people are most vulnerable to triad recruitment. All the cases I have mentioned fall within the definition of "poor" but we seem only to put on patches instead of looking at the whole garment that is falling to pieces. We need policies that match presentday needs and that is what I think this motion calls for.

Given the choice of where to start on the problem I would opt for tackling the need for low rent housing because the need is so evident that it scarcely needs an investigation.

As to Mr TANG's amendment, it does not address the problem of the growing disparity between rich and poor. So Mr President, I support the motion of Mr FUNG.

MR VINCENT CHENG: Mr President, Hong Kong has gone through a stage of very rapid economic development in the last decade. Between 1981 and 1991 the median household income rose by 277% in money terms or 56% in real terms. This is a remarkable achievement by any standard. As a result, the standard of living in Hong Kong has vastly improved for the great majority of people, whether they are in the manufacturing sector or in financial services, whether they are in the high income group, or in the low income group. This

improvement is borne out by statistics and is clearly visible to all of us in society.

Despite this general increase in income and wealth, the rate of increase has not been uniform for everybody, nor can it be. Some, because of their skills in their own profession and business or because of market demand, found their income rising faster than the others. Some, because of personal reasons, or market forces, have not been able to increase their wealth with similar speed. This is normal, it happens in every society, including the advanced economies as well as socialist countries where equality of income was once regarded as sacrosanct.

Yet as long as income for each group continues to rise, as long as the lowest income group has also benefited from economic expansion, there is no need for drastic measures as proposed by Mr FUNG. There is no scientific norm for a "fair" income distribution. Nor should a society or government aim for income parity. Some governments such as China and the Soviet Union tried. The result is, as everybody knows, without exception, a disaster. Incentive for work was completely stifled, nobody wanted to do an honest day's work, and the economy was ruined.

Over the last decade Hong Kong's Gini Coefficient increased from 0.45 to 0.48 in 1991. Nonetheless, the number is broadly comparable to that of the United States, Australia, the United Kingdom and Singapore. The Gini Coefficient for the United Kingdom in 1988 was 0.51, the United States 0.41, and Australia 0.42.

Despite this increase, there is no reason for alarm. When income rose by 277%, it would be difficult to expect a constant Gini Coefficient. It is quite normal to see a rise in the Gini Coefficient in a dynamic economy where opportunities are plenty. For those who are able to capture such opportunities, their income would naturally rise faster than those who cannot.

Mr K K FUNG quoted gallantly the Gini Coefficients for Hong Kong and some other countries as the measure of income disparity. Perhaps he should help this Council by giving us the answers to the following questions -

First, are his Gini Coefficients based on pre-tax income or post-tax income?

Second, if his figures are based on pre-tax income can Mr FUNG provide us the after-tax Gini Coefficient? It is because without exception increase in income inequality among households would be reduced if income is adjusted for tax.

Third, the extent of inequality in disposable household income distribution would also be reduced if social benefits are included in the calculation. One such component is public housing. Could Mr FUNG inform us

whether his numbers have taken into account the effects of housing, education and other social benefits? If his numbers have not been so adjusted, then he should reconsider his arguments because income disparity would be sharply reduced if such benefits are included in the calculation.

While I share Mr FUNG's views on protecting disadvantaged members of society, I cannot accept Mr FUNG's proposal to use tax to change income distribution, for two reasons -

First, Mr FUNG is not able to really show the real income distribution pattern of Hong Kong by including the factors I mentioned. How could we be certain that the present tax structure and the housing and welfare benefits have not already produced a smaller and "better" Gini Coefficient?

Second, taxation is not for income distribution. It serves multiple purposes. We need to consider many other factors before we could change our tax system which has served Hong Kong so well. When other countries are reducing taxes to make themselves more competitive internationally, we should be very careful in going in the opposite direction.

The single most important task of the Government is to raise the standard of living for the whole society and protect those who cannot protect themselves, whether physically or financially. The only way to achieve this is to maintain and perhaps to fine-tune our present tax and fiscal policies, and continue to adopt a system which encourages hard work and rewards success. Using tax as proposed by Mr FUNG is a wrong approach well proven by the experience of other countries.

I therefore support Mr TANG's amendment.

MR CHIM PUI-CHUNG (in cantonese): Mr President, before I talk about the issue of disparity between the rich and the poor in Hong Kong, I would like to give a brief outline of the social and economic developments of Hong Kong in the past years. Since 1949 when the Chinese Communist Party liberated China, a large number of refugees fled from China to Hong Kong. During the period from the end of the 1950s to the beginning of the 1960s, Hong Kong evolved from an entrepot to become a cheap labour market and those who benefited from the change were mainly foreign companies. In the 1970s, Hong Kong gradually developed into a financial centre. During the period between the end of the 1970s and the beginning of the 1980s, the property market started to develop in Hong Kong. From the 1980s onward, due to the open door policy in China which made available an abundance of cheap labour, many manufacturers in Hong Kong have set up their factories in China, driving Hong Kong to

develop in the direction of tertiary production, information technology and hi-tech developments.

The second point I would like to talk about is how the people of Hong Kong became rich. Mr President, there are three ways by which our people become rich:

- (1) to inherit property from one's ancestors;
- (2) to work hard and build one's own enterprise from scratch;
- (3) to earn money by illegal means (but there are only few examples of this type).

The policy of free economy adopted by the Hong Kong Administration can be likened to a group of people standing before a set of traffic lights. Except the privileged few, all are equal and must "stand" there to wait for the green light. When the green light is on, they are all on their own, and "those who walk the fastest will get the most" and will become rich first. Indeed, Hong Kong is providing a free and equal opportunity to everyone. If we read the stories of the way many of our billionaires became rich, we will find that they did not have a large inheritance to start with. They have become what they are because they could bring their potentials into full play under the favourable circumstances provided by the free economy of Hong Kong. Anyway, their successes are attributable to their hard work. Of course, I hope that these wealthy people can spend what they have earned from society back on society. In practical terms, they should at least spend 10% to 15% of their money on society, such that wealth can be more equally distributed.

The third point I will talk about is how we define poverty. In principle, Hong Kong cannot be said to be poor in whatever perspective one is looking, especially so if we compare ourselves with some African countries or look back at the 1950s when it was extremely difficult to find in Hong Kong a job with a monthly salary of \$40 to \$50. But now the situation is totally different. The main question now is whether "you are willing to work hard". Therefore, the applicability of the word "poverty" to Hong Kong can in principle be challenged here. Of course, I cannot be sure that poverty is completely extinct in Hong Kong. But if we are willing to work hard, we will be able to delete the word "poverty" from the Hong Kong dictionary, and this should be a target toward which the future Administration and various sectors of society have to jointly work. Being a member of society, if one finds oneself inadequate, one should work harder. If one is a worker, one should learn from one's employer the skills of managing a commercial organization so as to prepare oneself for starting one's own business. This is a way to improve one's living. Long-term reliance upon the government or society will not do one's country and family any good, still less will it do oneself any good. We should take warning from many so-called free countries. To work hard is always the most reliable way.

The fourth point is how our Administration should face the future. It is undeniable that our Administration has done its best and the result of its efforts is obvious. Take this year's Budget as an example, it has been generally criticized as "spending too much". I have been told that the Singapore Government has bought a large piece of land in the Jiangsu region for resettling the aged people so that they can enjoy a better life after their retirement. As Hong Kong is so near China, the Administration should also consider formulating a long-term policy for the aged people.

After the problem concerning political reforms has been solved, our society should no longer be plagued with internal confrontations. We should instead care about one another in order to make an even better tomorrow. I am adamant in my belief that China's open door policy will provide the world, as viewed by buyers and sellers alike, with a huge market, and Hong Kong will in the near future become the Switzerland in Asia (or at least in China). In other words, our future is dependent upon the combined efforts of all the people in Hong Kong, and we must count on ourselves to make a better tomorrow.

Mr Frederick FUNG's proposal of change in the tax system in order to have an even distribution of wealth will encourage reliance and tax evasion on the part of some people and hinder the development of society as a whole. It will then be difficult to achieve anything despite huge efforts, and it will then be too late to repent.

Mr President, I also hope that the disparity between the rich and the poor will not be too great, but it is not easy to realize such an ideal. We have to work together, bringing our talents into play and overcoming our shortcomings. But the most important thing is to have a healthy body and a happy family. This is much more important than the issue of disparity between the rich and the poor.

Mr President, I so make my submission.

DR HUANG CHEN-YA (in Cantonese): Mr President, over the past 20 years, the Gini Coefficient has been steadily rising in Hong Kong. It is an indication that the problem of disparity of income levels is getting worse. The Gini Coefficient was 0.48 in 1991, far larger than the 0.3 and 0.4 recorded in countries in Europe and North America. The total income of the worst-off households actually made up a mere 4.3% of the gross Hong Kong household income. That state of affairs would only happen in a developing country. The present income distribution in Hong Kong is no longer normal and the problem of wealth disparity, which is the cause of grave concern, has already occurred. Furthermore, over the past several decades, people who were investing in stocks, property or engaged in business activity have been able to accumulate wealth. Unfortunately, for those who were only able to make ends meet with their modest incomes, they did not have any money to make such investments. The result is that they will only become poorer in comparison; indeed, with

inflation eating into savings, the poor will only become ever poorer. In this regard, the wealth disparity of Hong Kong must be actually even worse than that indicated by the Gini Coefficient. Admittedly, in Hong Kong today, the situation is not exactly one in which the poor die of cold by the roadside while the rich dine and wine. However, if Hong Kong society has a heart, no one should sit around doing nothing while seeing some members of society struggle endlessly to make ends meet without any chance of ever improving their hopeless lot in any sort of way.

To call for an end to the problem of wealth disparity does not mean that one is advocating egalitarianism which will only punish those willing to work hard and encourage people to become lazy. If there is too much social welfare provided, then it would only add to the tax burden of members of the public, making it impossible for them to save and create more wealth. And the private enterprises will also not be able to expand their business for lack of accumulated capital. In the end, the wealth of the community will not only fail to increase but will actually decrease. In this regard, the United Democrats have always taken the line that a pragmatic and moderate approach should be adopted in respect of economic development while improvement is made to the distribution of the wealth so created. We are not in support of a centrally planned distribution policy. However, the Government can make use of its tax policies and related social policies to provide equal opportunity of upward social mobility for members of the public so that the wealth disparity can be narrowed when everyone is able to engage in fair competition.

To assist the poor by means of welfare services and subsidy will only result in the beneficiaries eking out bare subsistence. It will not enable them to accumulate wealth and improve their living standard. The poor will still have to rely on the assistance of the authorities concerned for an indefinite period of time. A better way to deal with this problem is to enable the people to accumulate wealth so that they will be capable of saving and investing, and raising their children in such a way that their next generation will have better social mobility. In this regard, the United Democrats take the view that it is up to our community to provide adequate protection for the lower income families so that they will be able to enrich themselves. It is for this reason that we are opposed to the well-off tenant policy because it will only hit those families which are beginning to have steady incomes and becoming more affluent. The result of that policy is that these families will be caught up in poverty trap again.

Moreover, we believe that the personal tax allowance should be compatible with the needs of the individual in terms of meeting his or her living expenses. The existing level of personal allowance which is set at \$56,000 is still quite a long way off the proposed target level of \$70,000. The middle classes are faced with a marginal rate of 25%, which explains why they are so battered by the tax burden. The irony here is of course that the Government has not imposed a capital gains tax on property transaction. Many property speculators have been able to reap enormous profits as a result. Meanwhile, the

end users have to bear with the high rent and the high mortgage payments. The existing taxation system is not favourable to people of the middle and lower classes and it is extremely hard for them to enjoy more affluent lives.

Another reason which accounts for the wealth disparity is an economic transformation in Hong Kong and an increasing demand on the level of industrial expertise. The service industry requires workers with skills which are different from that of the manufacturing sector. The present situation is that there are many manufacturing workers who have been hit by the economic transformation as they have encountered grave difficulties in terms of switching jobs. Even though they may eventually be able to find a job, they will be paid less wages than before. Meanwhile, workers in Hong Kong are faced with increasing technical demands. This means it is becoming quite impossible for an unskilled worker to find any employment at all. All of these factors contribute to the widening of the gap between the rich and the poor. Unfortunately, the Government has so far failed to address this problem seriously. It has not done enough in providing technical training and retraining for workers.

Inflation also aggravates the problem of wealth disparity. In recent years, Hong Kong has been plagued with high inflation hovering at around 10%. The reality of high inflation means that the poor who are not equipped with any means to fight inflation are only left with the alternative of putting their money in the banks to earn what meagre interest they can. On the other hand, the rich have been able to invest in property and stock markets and their investments have earned them far greater return than inflation could erode. In this regard, it is really up to the Government to come up with a more specific policy to combat inflation in order to forestall the further widening of the gap between the rich and the poor as a result of inflation.

To sum up, the solution to the problem of wealth disparity is not the impoverishment of the rich; rather we have to enrich the poor. The United Democrats take the view that a strategy should be formulated so that the wealth disparity could be mitigated and, through the adoption of a positive policy initiative, all people, rich and poor, could have equal opportunities to create wealth and get rich. This will entail the provision by the Government of opportunities for general education, further education and retraining in order that people will have access to the sort of education and training which will enable them to earn a higher income. Meanwhile, in order that members of the public as a whole will be able to make use of the opportunities for investment brought about by economic development, the Government should consider the adoption of suitable medical, housing, transport and tax policies which will help cut people's expenses on those fronts so that they can have more saving. With regard to the elderly, the retirees and the disabled who are not able to participate in the regular economic activities, the Government should try to improve their lot by giving them adequate social security.

Under the present tax and economic policies, the wealth disparity is bound to worsen in Hong Kong. What we need is a new strategy and a new direction

so that more people will be able to become more affluent. In this regard, the United Democrats are not able to support Mr Henry TANG's amendment motion.

With these remarks, I support the original motion.

THE PRESIDENT'S DEPUTY, MRS ELSIE TU, took the Chair.

DR LAM KUI-CHUN (in Cantonese): Madam deputy, income is one means to judge whether one is rich or not. The history of Hong Kong and the figures quoted by the Honourable Henry TANG just now show that "the rich is getting richer", yet "the poor is not getting poorer" but rather "the poor is getting rich". This is really a promising phenomenon. On the other hand, whether a society is affluent or not could be assessed in terms of commodities. Commodities commonly used as an index of wealth include property, television sets, refrigerators, washing machines and so on. Surveys conducted by the Census and Statistics Department as early as 1982 already showed that over 90% of the households in Hong Kong across the board owned television sets and over 80% had refrigerators. As for public housing tenants, over 60% owned washing machines. Eleven years have lapsed. Today with the substantial salary increase in real terms over the years, it is almost certain that nearly all households capable of finding accommodations own the above-mentioned household appliances which are common features in affluent society. Furthermore, as a result of the Government's relevant policies, the two municipal councils' construction and the open-door policy of our neighbour — China, the rich's previous privileges such as education, housing, swimming pools, merry trips can also now be enjoyed by people of middle or lower social stratum in Hong Kong. Moreover, some middle or lower-class people even have the spare money to gamble on horse racing. Suffice it to say that although these people may not be considered as rich, they at least have some assets and lead an enjoyable life. This is also encouraging.

At the moment, housing is the biggest problem in terms of "ownership" faced by the middle and lower classes in Hong Kong. Should the present rules of the game remain unchanged, their chances of home ownership seem to be really slim. Furthermore, they are under the threat of rent increase once every two to three years. Madam deputy, housing is a basic human requisite. In order to solve the problem of home ownership, the Liberal Party preparatory committee would like to put forward a proposal to the Government whereby rental public housing should be sold at a low price to all sitting tenants who are willing to buy them and to allow them to transfer their property right freely. The proceeds of the sale may then be used on the construction of physical infrastructure, land development and the construction of more public housing for applicants on the Waiting List. The merits of this proposal are as follows:

Firstly, one of the major differences between the rich and the poor is that the former owns property while the latter not. Our proposal, if accepted, helps to remove such a difference. Furthermore, the implementation of this policy will boost the public coffers without incurring any expenses.

Secondly, it can speed up the implementation of public housing schemes to provide early accommodation to applicants on the Waiting List.

Thirdly, increasing the supply of rental public housing units for sale can deflate the property market and this, in turn, will help in combating inflation indirectly.

I would like to expound this point here. Under the existing policy, the Housing Department or the Housing Authority is reluctant to put the rental public housing units on the market. If the policy is not going to be changed, we are unable to further exploit the public housing flats' potential use. In view of this situation, I wonder why the Government cannot be more generous and sell the flats to the sitting tenants and allow them to resell the same to make money. In this way, the Government can liquidate the flats to raise fund for other development or constructing more public housing flats. We can then turn a stalemate into a wealth generating situation so that all three parties, that is, the tenants, the Government and the applicants on the Waiting List may benefit from it. This is a "win, win, win situation". The success of our proposal does not depend on how cheap the price of the public housing flats is but rather on the right to resell them freely. I hope that the Government will give it a serious consideration.

The original motion is calling for a better redistribution of wealth through tax policies and social policies. This is practically urging the Government to introduce socialism in the territory. I think that most of the people in Hong Kong turn pale at the mention of socialism. The Honourable Allen LEE just now gave an account of his personal experience of the demerits of socialism. Hardworking breeds wealth. One major impetus to hardworking is "more pay for more work". If we are to make one person work more but another get more through a high rate of taxation or if it results in a situation where the same level of pay is awarded regardless of performance, both the blue-collar and white-collar workers will find it better to muddle along than to work hard. Why not take one's time and have a rest? Concrete examples can be drawn from China before the Cultural Revolution. China, after pursuing for several decades the policy as the Honourable Frederick FUNG is now calling for, successfully redistributed the wealth of the nation until no one was richer or poorer than one's neighbours. There was excellent social welfare and no inflation. But the fact was that the entire nation fell into abject poverty. There is absolutely no nation in the world which can follow egalitarian principles without breeding poverty. Once a nation tries to achieve "all rich", it becomes "all poor". It is until recently that China implements the policy advocated by DENG Xiaoping, the driving force behind the new economic policy, which allows some people to get rich first and a gap between the rich and the poor so

that the rich may create more employment opportunities for the poor, raise the salary level and boost consumption. As a result, the nation benefits as a whole and China becomes stronger and wealthier. And people will become more affluent. However, I must emphasize that in a fair society, people must have equal opportunities. So long as one works hard with one's hearts and minds and is willing to take risk, one will stand a good chance of being on top irrespective of one's social background and wealth. This is what a real fair society should be.

The Liberal Party preparatory committee agrees that it is the obligation for a prosperous society to look after its less fortunate citizens who have no one to turn to, such as the old and the infirmed. Yet we should not impose heavier tax to raise the necessary funds for welfare services. An increase in the tax rates will only lessen people's incentive to invest and their drive to achieve. As a consequence, the overall revenue from tax may drop.

Madam deputy, the Honourable Frederick FUNG's original motion has overlooked what makes Hong Kong tick and the fact that the poor is getting rich. He urges the Government to turn to socialism which is really a backpedalling and short-sighted move. I cannot support it

MR FREDERICK FUNG indicated a wish to make a point.

PRESIDENT'S DEPUTY: Dr LAM, would you allow Mr FUNG to make his point? Mr FUNG, is it on a point of order?

MR FREDERICK FUNG: Point of elucidation, Madam deputy.

DR LAM KUI-CHUN: Madam deputy, I wish to finish my speech first.

PRESIDENT'S DEPUTY: Mr FUNG, before you start you have to get permission from Dr LAM to give way to you. What point of order is it?

MR FREDERICK FUNG (in Cantonese): Dr LAM said that my original motion advocated for socialism. I have gone through it over 10 times but still cannot find the word "socialism".

PRESIDENT'S DEPUTY: Are you willing to clarify, Dr LAM?

DR LAM KUI-CHUN: I wish to finish my speech, Madam deputy.

PRESIDENT'S DEPUTY: You wish to continue?

DR LAM KUI-CHUN: I just wish to continue. (in Cantonese) I only support Mr TANG's amendment which is pragmatic and aims at steady progress.

MR ANDREW WONG: Madam deputy, I wish to seek elucidation according to Standing Order 29.

PRESIDENT'S DEPUTY: Yes, Mr WONG.

MR ANDREW WONG (in Cantonese): A while ago Dr LAM Kui-chun mentioned that the Liberal Party proposed to sell all rental public housing. Is the Liberal Party supporting my idea advanced over a year ago?

PRESIDENT'S DEPUTY: I am not quite sure whether that is in order, but are you prepared to answer that, Dr LAM?

DR LAM KUI-CHUN: I do not think that is a point of elucidation, Madam deputy.

MR ANDREW WONG: Madam deputy, it is a point of elucidation. I am serious about it. I am seeking the Liberal Party's clarification as to whether or not they are prepared to support my proposal to sell rental public housing to all sitting tenants at a low price. Are they prepared to support my proposal?

PRESIDENT'S DEPUTY: Are you prepared to answer that, Dr LAM?

DR LAM KUI-CHUN: Madam deputy, the idea did not originate from the Honourable Andrew WONG.

MR ANDREW WONG: Madam deputy, may I know where it came from because I spoke about it in this Council about a year ago? Perhaps the Honourable LAM Kui-chun was not here then or other members of the Liberal Party were not here then.

PRESIDENT'S DEPUTY: Mr WONG, we do not know whether Dr LAM was here then. I think I will have to let that one pass. Have you finished your speech, Dr LAM? If yes, then Dr Conrad LAM.

MR STEVEN POON: Madam deputy, I do not think this question relates to the topic we are discussing. I do not think any benefit will be gained from exploring whether this idea came from the Honourable Andrew WONG.

PRESIDENT'S DEPUTY: We are not continuing. I am asking Dr Conrad LAM to speak.

MR FREDERICK FUNG: Point of elucidation, Madam deputy.

PRESIDENT'S DEPUTY: What is your point, Mr FUNG?

MR FREDERICK FUNG (in Cantonese): Madam deputy, a while ago Dr LAM has indicated that I can speak after he has finished. I have read my motion again and I want to read it to you once more. The motion I am now moving is "That this Council urges the Government to address the issue of disparity between the rich and the poor in Hong Kong, conduct a comprehensive study to gauge the gravity of the problem and its causes, and formulate corresponding tax policies and relevant social policies to bring about improvement". Yet in Dr LAM's speech, he kept on saying that I want to practise socialism, the Chinese ideology and the problems resulting from such practice several decades ago. I would like to ask him how he derived that from my motion?

PRESIDENT'S DEPUTY: Mr FUNG, your point is made, we know what your motion is and there is no need to clarify. Dr Conrad LAM, I hope this time you can go ahead.

DR CONRAD LAM (in Cantonese): Madam deputy, it has been said that this Council's debate today on the disparity between the rich and the poor is conducted under a congenital handicap, for most of the speaking Members are rich and they may probably look at this question through tinted glasses. The poorest Member in this Council in fact earns at least over \$30,000 a month, way above the poverty line in Hong Kong. I dare not belittle the opinions of professionals and top-notch intellectuals in this Council. But raising questions like disparity between the rich and the poor for discussion by a group of middle class people or billionaires will inevitably lead to lofty arguments such as "Why don't they eat meat porridge?" or "An increase of 1% in profits tax will destroy the Hong Kong economy". Nor can they fully express the true feelings of the

poor in the first person. Is the disparity between the rich and the poor really great in Hong Kong? The true figures have left us without any excuse for denial. The question now is: Is the disparity between the rich and the poor an inexorable price we have to pay for economic development? Is there no way to mitigate the disparity? Looking around at countries all over the world, we can see that obviously there is no inexorable relationship between economic development and disparity between the rich and the poor, lest we can hardly explain why the distribution of wealth in countries of favourable economic development, such as Taiwan, South Korea, Japan, Finland, Switzerland, Holland, Denmark and West Germany, is far better than in Hong Kong. In fact, the average economist will agree that the disparity between the rich and the poor.....

8.00 pm

PRESIDENT'S DEPUTY: Dr LAM, I am sorry to interrupt you. It is now eight o'clock and under Standing Order 8(2) this Council should now adjourn.

CHIEF SECRETARY: Madam deputy, with your consent, I move that Standing Order 8(2) should be suspended so as to allow the Council's business this evening to be concluded.

Question proposed, put and agreed to.

DR CONRAD LAM (in Cantonese): In fact, the average economist will agree that the disparity between the rich and the poor is a transitional phenomenon of economic development. The disparity between the rich and the poor in any country, region or place during its initial stage of economic development is not great. But it will widen once development gets under way. But this same gap will shrink again when the economy develops to a certain level. This theory may well apply to the trend of world development, but it does not appear to be applicable to the Hong Kong situation. In the report on world development in 1992 issued by the World Bank, Hong Kong was listed along with 23 other countries as economies with the highest income in the world. But when it comes to the acuteness of the disparity between the rich and the poor, Hong Kong is the Number Two, if not Number One, among these high-income countries. It is even more serious than many low-income and middle-income countries. The disparity between the rich and the poor in Hong Kong obviously has not been narrowed as a result of the high-flying development of its economy. On the contrary, it has deteriorated. We can find one or two clues to this situation from the crucial profits tax for corporations. Using the 1990 figures as an indicator, corporate profits tax can be as high as 25% in Taiwan, 20% to 23% in South Korea, 31% in Singapore, but only 15% in Hong Kong. And corporate profits tax as a component of direct taxes in Hong Kong decreased from 60.5% in 1980-81 to the estimated 48.5% in 1992-93. There are of course many

factors accounting for the emergence of such an abnormal phenomenon in Hong Kong, but the most direct and obvious contributory factors are none other than the revenue policy, unreasonable wage policy, spiralling prices of private properties and economic transformation. The majority of these problems however can be rectified, for example, by revising the rate of corporate profits tax, introducing capital gains tax, increasing personal tax allowances, building more public housing flats, reviewing the linked exchange rate, formulating a reasonable wage policy, cutting back on the importation of foreign labour, introducing collective bargaining for trade unions, increasing the provision of social welfare and so on. Viewed in this light and with the added characteristic diligence of Chinese people, the economic success of Hong Kong is not so much of a miracle. One should have been surprised had Hong Kong not been an economic success.

What in fact is there to be proud of in a place where social justice is continually or endlessly suppressed for the sake of economic development? Let us not forget that if we employ whatever means available to develop our economy, we will also be indirectly stifling Hong Kong people's development in many areas such as literature, art, philosophy, science and even civic awareness. The price for Hong Kong's economic development is not only expensive, but also paid by the poor masses. Therefore, perhaps it would be more meaningful if the line that reads "to continue the existing tax and economic policies so as to ensure improvement in education and social policies" could be rearranged to read "to improve the existing education and social policies so as to awaken the public to the need to ensure improvement in the taxation system and economic policies".

With these remarks, Madam deputy, I oppose the amendment motion.

MR LAU CHIN-SHEK (in Cantonese): Madam deputy, should I go ahead as no officials are here now?

PRESIDENT'S DEPUTY: Yes, you will have to go ahead, I am afraid, Mr LAU. They will probably return very soon.

MR LAU CHIN-SHEK (in Cantonese): Madam deputy, the phenomenal economic achievement of Hong Kong today and the very high living standard of its common people are, quite needless to say, matters of pride for us, particularly bearing in mind the humble origins of Hong Kong just a couple of decades ago, and looking at the many developing countries around us which we now compare favourably with. But is it true to say that there are no poor people in Hong Kong? Is it true that our social policy already gives adequate protection to the lower classes? I think the answers to these questions will highlight the crux of our problem. If we use the lowest standard to define poverty, which is to say that bare subsistence does not count as poverty, then

admittedly, poverty is not a big problem in Hong Kong. However, if poverty is defined as near starvation, that in itself is already part of a very outdated view. A British scholar who studies the question of poverty observes that, quite apart from applying the lowest standard of survival, which measures for example the amount of calories in the daily diet, it is even more important to understand the state of poverty from the perspectives of basic needs and relative poverty. The concept of basic needs has gradually received greater attention after the Second World War. There has been a greater social consensus regarding the question of poverty, that it is not only a matter of not having enough to eat and no warm clothes to wear. The concept of poverty also addresses the wider needs such as one's need for housing, education and social services. It is apparently a more progressive way of looking at the question of poverty, though it quite inevitably also has its drawbacks. In this regard, there has been a third way of conceiving poverty as relative poverty. This conception of poverty adopts the perspective of the lower classes and actually defines poverty on the basis of the socially accepted lifestyle. This way of looking at poverty has the advantage of reflecting the view that poverty is interpreted in different ways by different societies in different times. The British scholar has given a number of examples of parents who will sacrifice their own material well-being in order that their children will be able to have the best educational opportunities and participate in the most expensive extra-curricular activities. It can be seen hence that we are likely to make certain choices when we have competing needs with the result that we will suffer a decline in quality of life in some respects.

If we are to examine the situation of Hong Kong in terms of the above three conceptions of poverty, then we will discover that, whether we look at the issue from the perspective of basic needs or relative poverty, poverty is still a rather serious problem in our society. For example, the present public assistance scheme does not provide extra cash allowance to recipients of public assistance to enable them to pay for expenses incurred in the course of social activities. The public assistance is only enough to keep its recipient going at subsistence level. It can do little else and we can see that one's basic needs are not taken care of at all. Meanwhile, as a result of our economic development, the individual has much higher expectations of life than in the past in both quantitative and qualitative terms. For example, in terms of the appreciation of artistic and cultural programmes, people are expecting more variety in keeping with the social transformation. Indeed, the so-called living needs tend to vary from person to person and it is for this reason that relative poverty is an issue which deserves serious attention.

As a matter of fact, if we look carefully at Hong Kong society, we will find that there are many marginal groups in our midst, such as the elderly, the disabled, the single parent families, the unemployed and the new immigrants. These are the poor people who live in our so-called affluent society. This new group of poor people are not only without economic means but they are also in a disadvantageous position in terms of political and social status. For example, the new immigrants are still shunned by mainstream society. This means that the poor have to contend with all the more oppression due to their poverty.

Advocates of a free market economy as a panacea for all sorts of problems will invariably say that the poor are poor because they are not hardworking enough, because they do not have the drive to improve their own lot, or because they do not have the ability to compete with the others. Put in another way, the poor get what they deserve and should not go around blaming people for their misfortune. In this regard, it would seem that it is inappropriate to subsidize the poor with the hard earned money of the more industrious. However, I would like to remind Members that the problem of poverty in Hong Kong is very much the result of the social and economic structure of Hong Kong society. It is not quite so simple as the poor lacking the drive to improve their own lot. The economic transformation which Hong Kong has been going through in recent years means that the tens of thousands of manufacturing workers have had to change occupation in just a couple of years' time and that the skills, work experience and social network which they have developed over the many years have become quite worthless overnight. To a great many middle aged workers, the changing of occupation means not only a decline in wages, but also a decline in social status, and the descent into poverty. The elderly are also faced with a similar problem. Since the Government is still not willing after all these years to institute a central provident fund scheme, most of the employers are too profit-minded to take the initiative to provide this sort of protection to their employees. The result of this is that many people are left unprovided for in old age. Meanwhile, the so-called public assistance and old age allowance are only the most basic maintenance grants. No wonder why the problem of poverty is becoming increasingly serious for the elderly. If we conduct our analysis along these lines, we will discover that the other poor classes are produced by the same social factors. Put in another way, poverty is the result of the practice of unjust economic and social policies in the past. In this regard, the solution to this problem of poverty could only rest with a change in government policy.

If we want to find a solution to the problem of poverty, it is not enough to just study the ways in which the wealth disparity in our society can be alleviated and to move in the direction of changing the tax policy and improving the social policy. I think a more fundamental issue is involved. We have to review our economic policy and wage policy in order that our economic policy will go hand in hand with our social policy. That will provide a radical solution to the problem of poverty and narrow the gap between the rich and the poor.

Madam deputy, I so submit.

MR FRED LI (in Cantonese): Madam deputy, on behalf of Meeting Point, I support the original motion moved by Mr Frederick FUNG and oppose the amendment proposed by Mr Henry TANG.

In Hong Kong, the disparity between the rich and the poor is most marked with the wage of an average employee still varying from \$6,000 to \$7,000. In 1993-94, there are altogether 1.6 million salaries tax payers in Hong Kong.

Among them 585 000 are low-income people earning a monthly salary of \$7,500 or below. They represent 36.6% of the total number of taxpayers, and pay only \$30 million worth of tax, representing 1.3% of the total tax revenue. As for the high-income people by which I mean those who earn a monthly salary of \$50,000 or above, there are 35 000 who fall into this category, representing 2.2% of the number of taxpayers, but the tax they pay amount to \$670 million, representing 30.2% of the total tax revenue. Judging only from the above salaries tax figures, the gap between the highest-income and lowest-income people (in terms only of salaries tax paid by employees, while people at the "boss" level are not included) is getting wider as time goes by.

Today the living standard of the poor has made great improvements over what it used to be 10 years ago. But there has emerged in society a bunch of rich people possessing wealth which amounts to billions of dollars while the majority of families are feeling the increasingly heavy burden of living. Such disparities unavoidably cause tension and create great obstacles to social harmony! In an article published in December 1992, Dr TSANG Shu-ki of the Baptist College cited the income ratios, over a number of years, of 10 classes of families in Hong Kong graded according to income to illustrate the seriousness of the disparity between the rich and the poor. The Gini Coefficient completed by the Government in 1991 further indicated that the problem of the disparity between the rich and the poor has not in the least been mitigated.

Furthermore, in 1992 there are 109 400 people who are in the state of almost abject poverty and who live on public assistance. Every month they can only draw an allowance of slightly over \$1,000 which does not include rents and which means \$40 to \$50 everyday to be spent on three meals and all other expenses. How can we turn a blind eye to their plight?

Meeting Point and I support the call for the Government to conduct a comprehensive study into the seriousness of and the factors leading to the problem of the disparity between the rich and the poor. One of the solutions, we think, will be very much related to our tax system. It is a pity that during the 17 years since 1976, the Government did not at any time fully review the Inland Revenue Ordinance. I absolutely believe that apart from acquiring sufficient revenue for the Government, the principle of the tax system should be to ensure that social wealth is evenly distributed under the system as far as possible. Regrettably, the Government has all along only emphasized the need for having a simple system of low taxation, but absolutely paid no attention to the function of the tax system in reducing the disparity between the rich and the poor.

The main point in Mr Henry TANG's amendment is "to continue the existing tax and economic policies" which is something I cannot agree with. More than a year ago I already urged the Government to conduct a full review of the tax system because there are several shortcomings with the existing system, for example, failure of the rate of tax allowance increases to keep abreast of inflation and economic growth and the inadequacy of the progressive

rates of taxation. As a result, the burden on middle-income people has become rather heavy, which in turn has led to a situation in which unfairness prevails.

As for economic policies, the Government has not solved the various problems which have arisen from industrial transformation. Society is not rendering adequate support to workers who are faced with the problems of unemployment, underemployment or change of employment. To conclude, tax and economic policies are some of the solutions towards mitigating the problem of disparity between the rich and the poor.

Mr TANG is in fact going to move a motion debate next week mainly to urge the Government to draw up a more active industrial policy and to render more positive support to industrial development. How can he talk about continuing the existing economic policies today?

Hong Kong is well known in the world for its economic prosperity, but we ought to know that a rise in the gross domestic product (GDP) for Hong Kong does not necessarily imply an increase in what people get, that is to say, with everybody sharing the fruits of economic development. A living example is the negative wage growth in the manufacturing industry over the past few years.

Finally, I have to point out that if the problem of the disparity between the rich and the poor is mitigated, the lower income people can enjoy the fruits of economic success to a further extent. This will ensure social stability and will be conducive to social prosperity in the long run.

Madam deputy, with these remarks, I support the original motion.

DR YEUNG SUM (in Cantonese): Madam deputy, there are two schools of thought which are quite incompatible with each other but which are nevertheless quite influential in most advanced countries. Since the start of the 1970s, a certain brand of neo-conservatism has been practised by the West. It is a school of thought which is influenced by both Friedrich HAYEK and Milton FRIEDMAN. They advocate free market and that government intervention in the market should be kept to a minimum. It is thought that the free market is best able to regulate the economy and achieve economic development and distribution of resources in a fair and open manner. The role of government should only be restricted to maintaining social stability, law and order and making sure that free competition prevail in the marketplace. They strongly advocate that a low tax policy should be adopted in order to encourage investment activities. They believe that excessive public expenditure will only fuel inflation and make the public all the more dependent on the government.

On the other hand, opposed to this brand of neo-conservatism is the school of thought which goes under the label of neo-Marxism. It is strongly critical of the operation of the market and takes the view that the free market

does not offer quite enough protection to the practical livelihood needs of the people. In this regard, they advocate central planning, the nationalization of enterprises, and large-scale market intervention. Their goal is the achievement of equality in matters of politics and economics and competition through the adoption of suitable economic, taxation and social policies.

With regard to these two highly influential schools of thought, the United Democrats have a clear response in their political manifesto. We advocate the promotion of economic development and distribution of economic benefits through a pragmatic and moderate approach, having regard to the *status quo* of Hong Kong. However, there are certain basic principles which must be adhered to. In terms of economic policy, we advocate a free economic policy and are opposed to a policy of central planning. But having said that, we are also keenly aware of the fact that an absolutely free market is all but impossible because the human factor will affect the operation of the market. It is for this reason that intervention is quite inevitable. However, there is no way government intervention can be a substitute for the market; rather, it is for government intervention to strengthen market competition. In terms of specific policy, we attach great importance to free competition and the development of the spirit of enterprise so that the individual has the opportunity to start his or her own business and thereby contribute to the economic prosperity. In terms of taxation, we advocate a low tax system because heavy taxation will have an impact on one's incentive to work. It is unfortunate that, insofar as taxation is concerned, the profits tax is an exceedingly low 17.5% in Hong Kong whereas, to take the example of our neighbouring countries, it is set at 31% in Singapore, 25% in Taiwan, 35% in Indonesia, 44% in South Korea, and 37.5% in Japan. In comparison with these neighbouring countries Hong Kong charges a lower profits tax. In this regard, it would seem not entirely unreasonable to review our taxation system.

In terms of social policy, we have always taken the view that the provision of social services has a stabilizing effect on social development as it encourages social mobility and provides equal social opportunities. We advocate that people should be allowed to exert themselves as individuals and we acknowledge the role played by the family. However, we also demand that the Government should provide more resources in order that these objectives can be achieved through the provision of social services. The United Democrats do not advocate an entirely egalitarian distribution of wealth because this disregards the human factor and will only damage the motivation of the individual to work. At any rate, this will result in government wielding too much power. We advocate instead that the Government should provide equal social opportunities for the individual so that he or she will not suffer any disadvantage due to personal, family and social factors, in their participation in fair competition. It is necessary to have competition but it is up to the Government to make sure that fairness prevails in the process of competition, and that all the competitors enter the competition from the same starting point. The result of the competition will of course be decided entirely by the amount of individual effort made.

Admittedly, the economic achievement of Hong Kong is there for all to see. However, the question is: Do we have a worsening disparity between the rich and the poor? Professor CHOW Wing-sun of the Social Work Department of the University of Hong Kong, who has been studying the question of poverty for a number of years now, has this to say: "The wealth gap in Hong Kong has indeed been getting worse with economic development". He also makes the point that the wealth gap would have been far more serious if there had not been the provision of social services. The Gini Coefficient has been rising year on year in Hong Kong. This is a fact which has been mentioned by many colleagues and I do not intend to go into that again. According to the statistics provided by the Government, the incomes of grade one households (meaning the poorest households) made up only a mere 4.3% of the gross Hong Kong household income in 1991, as compared with 6.2% in 1971. Meanwhile, the incomes of grade five households (meaning the households earning the highest incomes) made up a significant 52.8% of the gross Hong Kong household income in 1991, as compared with 49.3% in 1971. It can be concluded from these percentages then that the disparity between the rich and the poor in Hong Kong is becoming all the more serious by the day.

Advocates of a free market economy take the view that provided the economy remains sound, there is no need for government intervention because people's incomes will also rise steadily in line with economic buoyancy and, in this way, the disparity between the rich and the poor will be resolved. However, this theory does not apply in Hong Kong. If we talk in terms of absolute poverty, then there is no denying that our incomes have risen; however, if we talk in terms of relative poverty, then the fact remains that our wealth disparity is deteriorating. Professor CHOW thinks that the wealth disparity has not given rise to social instability. I feel that for as long as the economy remains buoyant and unemployment is low, the wealth disparity will probably not affect social stability. However, in times of economic recession and high unemployment, then we will be faced with a quite different situation.

I think that the wealth disparity is a problem which calls for remedy. One remedy is for us to review the tax system so that the tax burden will become more equitable. Another remedy is for us to consider increasing the profits tax. Professor Edward CHEN of the Hong Kong University Asia Research Centre has also made the point that there is room for our profits tax to go up to 20%. It can be seen hence that provided that the competitiveness of our exports will not be adversely affected, and that our profits tax remains to be lower than the profits tax in other neighbouring countries, then there is room for our profits tax to be slightly increased. On the other hand, it is up to the Government to increase spending on social services. Whereas medical service spending accounts for 1.3% of our gross domestic product (GDP), it accounts for 5% of Japan's GDP and 5.1% of Australia's GDP. With regard to education, Hong Kong's spending on education is 3% of its GDP. In Taiwan, Singapore and South Korea, educational spending accounts for between 4.5% and 5% of their GDP. It is clear then that there is room for us to gradually increase the provision of social services while upholding the principle of low taxation and a

free market economy. Professor CHOW observes that an increased profits tax and the increased provision of social services will be conducive to the alleviation of our wealth disparity. It is an observation which I will agree with. As a matter of fact, there is also a need for this to happen.

The United Democrats support the economic development of Hong Kong and the improvement of people's livelihood. However, the maintenance of a low tax system and free competition does not mean that our present taxation system and economic policy cannot be modified to meet social needs. Wealth disparity has been and will remain to be a potential social crisis which we cannot afford to ignore for the long-term stability of Hong Kong. The United Democrats support policies which will lead to pragmatic and moderate reform. Whereas the unique circumstances of Hong Kong have to be taken into consideration, we also wish to see equal consideration being given to fair competition and the improvement of people's livelihood.

With these remarks, I support the motion of Mr Frederick FUNG and oppose the amendment motion of Mr Henry TANG.

THE PRESIDENT resumed the Chair.

MR ROGER LUK (in Cantonese): Mr President, situation comedy is believed to be one of the most popular types of television programme, commanding a very high rating. The reasons for its popularity are many. The stories are humorously cynical and poke fun at the social problems of the time. The characters are lively and resemble the people around us. Such resemblance is not totally unintended and that is why situation comedy can arouse the sympathy of the television watchers.

In the theme song of a situation comedy serial that ended just last month, the opening lines read as follows:

"Century turns. What's life.
Inflation's here for all housewives.
Big Hong Kong. Small household.
Every household has a bad cold."

These few lines have indeed epitomized the feelings and sentiment of the general public.

In the last few years, the inflation rate in Hong Kong stayed around the level of 10%. Although the annual salary adjustment has been able to catch up with the inflation rate, life is really not easy for the salaried class in general and their feelings can be understood.

It is only in a socialist utopia that everyone can make use of his potentials and get what he needs, sharing with one another the wealth of society. In reality, disparity between the rich and the poor can be found in any society. However, under a certain kind of socio-economic system, the weak are swallowed by the strong, the rich have acres of fields while the poor have not even a humble shelter. The class boundary is clear, which it is all but impossible to cross. Under another kind of system, the hard working people strive to climb further up the social ladder, while the lazy people muddle along and idle away their time; the intelligent people brave the difficulties and establish their own business while the mediocre minds are content with their work and live happily with other people. There is still another kind of system under which the officials collude with the businessmen and make money by abusing their power, and while the rich dine and wine, the poor die of cold by the wayside.

Hong Kong has always upheld the free market economy system. Making the best possible use of manpower and material resources and upholding the spirit of more effort more gain are the factors contributing to the success of Hong Kong's economy. The stories about how some tycoons struggled their way up to become successful and rich are often the popular teatime talk points of the general public. Those who worked hard and succeeded will often become the talk of the town; those who are rich but cruel will always be despised; those who are down and out will always arouse the sympathy and support of others, and those who are philanthropic always win the praises of others. There are all kinds of people, and what is so precious of Hong Kong is that it gives all kinds of people the same opportunities to display their potentials and to realize their ideals. The point here is not to ask how you can best demonstrate your abilities, but ask how your abilities can best demonstrate you.

According to the relevant statistics, it is an accepted fact that disparity between the rich and the poor has become greater in the last 15 years. However, this is only part of the picture. The Gini Coefficient is surely a simple and easily understandable yardstick but it also has its shortcoming. For example, if the income of the top 10% income earning households increases by 20% while that of the lowest 10% increases by 100%, the average income or the median income of society as a whole will increase, but the disparity between the rich and the poor will also widen accordingly.

According to census figures, the household income median on an average increased by 13.8% per annum from 1976 to 1991. With the annual rise in prices during the same period being 8.8%, the annual real increase was as high as 5%. There are criticisms that the results of income surveys tend to be on the low side, and their reliability is doubted. However, the surveys on household expenditures during the same period reflected a similar percentage of increase, as the household daily expenditure increased by 12% on an average. After deducting the 8% rise in prices, there was still a 4% real increase.

The pattern of household expenditure has also changed, especially that of the households to which the Consumer Price Index (A) is applicable. Such

households have accounted for half of the total number of households. The survey revealed that the expenditure on food decreased from 38.4% in 1973-74 to 15% in 1989-90 while that on eating out increased from 13.5% to 19.2%.

It can therefore be seen that in the past decade or so the living standard of the people in Hong Kong has continuously increased in real terms. The widening disparity between the rich and the poor is due to the fact that the rich have become richer while the poor are becoming gradually well-off. It is more a statistical phenomenon than a substantial problem, as can be seen in the problem concerning car parking in public housing estates.

People all want stable livelihood and the Administration should meet their desire and help realize it accordingly. People all want affluence and the Administration should meet their aspirations through better education accordingly. According to the explanations given by the Financial Secretary when answering questions in this Council, the economic policy of Hong Kong has always been upholding the spirit of enterprise, the low tax; the free economy and the free enterprise systems. I agree that the Administration should address the issue of disparity between the rich and the poor, conduct an in-depth study and, on the precondition that the existing economic policy be maintained, provide a most favourable environment where everyone can share the fruits of economic growth.

The laws of nature are dynamic and perpetual, so are self-motivating people with endeavours. I do not think that the Administration should change the existing tax system in an attempt to redistribute the wealth and resources of society and thereby narrow the gap between the rich and the poor. History has taught us that the economies of countries in pursuit of socialist equality, even distribution of wealth and communal ownership of properties would get worse and worse, while that of countries upholding free market mechanism and the more effort more gain principle would prosper.

Dr Samuel WONG, Mr Eric LI and Mr Simon IP also agree with what I have said, and I would like to have that put on record.

Mr President, if the Administration should agree to narrow the gap between the rich and the poor by way of reformulating our tax and social policies accordingly, then the opening lines of the theme song of the same situation comedy which I mentioned at the beginning would be changed to read as

"Century turns. That's life.
Taxes and levies on the rise.
Tiny ant. Large government.
Social welfares for everyone."

With these remarks, I support the amendment motion and oppose the original motion.

PRESIDENT: Mr FUNG, you have five minutes to reply to the amendment.

MR FREDERICK FUNG (in Cantonese): I would very much like to thank some honourable colleagues for supporting me over the issue of wealth disparity. However, with regard to honourable colleagues who have lent their support to the amendment motion, I have been very upset by their stance and there are two points which I like to clarify. They have made a point of interpreting my motion as a call for Hong Kong to embrace socialism, or communism, and to raise taxes and abandon the free market economy. I could not find any reference to their suggestion in my speech, which I have examined again and again; they put the words into my mouth. Indeed, it is not the way my motion was phrased. I feel as if I have been forced to wear a dunce hat which wraps me up from head to toe and with my back to the wall, I have been mercilessly punched. But I should not wear that dunce hat; I have been wronged. In this regard, I have been very upset by the way the opponents of my motion oppose it in their speeches.

I have tried to use hard data as far as possible in my speech to prove, looking at the issue from five different perspectives, that the problem of wealth disparity probably exists (let me stress that throughout my speech I was talking about the possibility of wealth disparity). I want the Government to verify that possibility. However, some honourable colleagues said I only cited the Gini Coefficient to support my argument and they found that it was not strong enough to justify my views. If I had relied solely on the Gini Coefficient, then I would not have given in my speech the five indexes which represented five different ways in which the problem of wealth disparity could be looked at. I am also aware of the bias, and therefore the inadequacies, of the Gini Coefficient. The whole point of my including the other four indexes is in order to complement whatever inadequacies the Gini Coefficient may have.

The second point which I want to clarify is that, I have the feeling that honourable colleagues opposing my motion are all too prone to give many examples to show that it all boils down to a matter of whether one is hardworking or lazy. Whereas the hardworking can succeed, the lazy will of course fail. Then the logic goes: Why should the hardworking be made to subsidize the lazy? I have two real life cases which I want to relate to Members. I heard the first story from a residents' association about a survey conducted by Caritas on Caine Road on activities for the elderly in Central and Western District. An eighty-one-year-old man Mr CHAN and an eighty-four-year-old lady Ms CHUI are both living on public assistance which comes to a little over \$800 per month. They have been forced out of their bedspace accommodation because of a clearance operation. Consequently, in order to save money, they have decided to rent just one bedspace which they will share between themselves. Let me add that Mr CHAN and Ms CHUI are not husband and wife. However, because they are living in the same bedspace, sleeping with each other face to face, they have been informed by the Social Welfare Department that they have been considered to be husband and wife and have to switch to the

public assistance for married couples. However, the latter is \$400 or so less than public assistance for singletons. Perhaps one would say that they deserve what they get because they are poor and old. But I think it reflect a few things. First of all, is the department concerned too obsessed with administrative niceties to appreciate the real situation that it has become quite insensitive? Secondly, has the whole public assistance policy given enough consideration to the dignity of the individual? Thirdly, is there quite enough funding for the public assistance scheme? Why is there so little money? Is it that there is not enough tax revenue made available for public assistance or that the money is plainly quite enough already? These are the sort of issues which we should consider and review.

It is globally recognized that as a result of economic transformation Hong Kong has progressed from its reliance on labour-intensive industries to the development of service industries. In the process of economic transformation, it is very difficult for people who are above the age of 35 to adapt to change. While the authorities concerned may provide training for such a worker, they may teach him a bit of new skills, but I can tell Members that there is no way the authorities can force some employers to hire him. There is a book published by the Hong Kong Asia-Pacific Institute of Business which details the difficulties which these people will encounter in terms of switching to a new industry, embarking on a second career and learning a new trade generally. The promotion is quite difficult from the 14th grade to the 13th grade, then the 12th grade, and the 10th grade. That is according to the latest research findings published in 1992.

I have used four indexes to measure wealth; wealth can be measured by one's occupation, by the property one owns, by one's investments, and also by the savings one is able to accumulate. Just now some honourable colleagues and I already discussed the situation and the difficulties involved. I am not going to repeat them here. The amendment motion takes the view that education and welfare are the best ways to remedy the situation but I can tell Members that education may not be the best way. Nowadays, a university graduate is able to find a job with a monthly salary of \$20,000, \$30,000 or even \$40,000, but so what? He or she may still have to apply for the housing scheme for the sandwich class. Put in another way, even a monthly salary of \$30,000 to \$40,000 is not a marker of wealth. That is to say, education does not necessarily translate into wealth for the university graduate. It can be seen hence that the distribution of wealth is in the process of change. I think that a healthy society must act to tackle the problem of wealth disparity through the adoption of certain policies so that everyone will be able to share the benefits of economic prosperity in a fair and reasonable manner. I hope that Members will not be too obsessed with ideology because this is not a debate about socialism, or capitalism for that matter.

Thank you, Mr President.

FINANCIAL SECRETARY: Mr President, it would be all too easy to go along with Mr K K FUNG's motion. Many will interpret it loosely, as saying we should help the poor become better-off; and who would like to disagree with that?

If that were all the motion meant, I would be happy to agree with it. We in the Administration yield to nobody in our concern for the vulnerable, for those at risk. The whole history of this Administration bears witness to our concern for the well-being of the ordinary citizen of Hong Kong. And our conviction that a caring government must provide a safety net for those who need it. We all know that essential services such as education, medical and health care and social welfare are available to all, even if they cannot afford to pay fees. I believe that the measures outlined in the Governor's speech last October, and in my recent Budget, provide ample evidence that we continue to be committed to help the vulnerable.

Mr FUNG also mentioned tax policies. We in this Administration also yield to nobody in our determination to keep taxes at a reasonable level, and to relieve their pressure on the less well-off. This is again evident from the major tax concessions in the last Budget. And from the fact that about half the population pays no salaries tax whatsoever.

But Mr FUNG goes further than this, and while I admire his eloquence and sincerity, this is where we must part company. The thrust of his argument is that it is wrong for there to be a significant difference in people's incomes — that is what the words "disparity between rich and poor" mean — and that we should use tax and social policies to reduce this difference. I have to say that to follow Mr FUNG down this path would be a major break with the philosophy that has hitherto served Hong Kong so well. And I believe it would be a wrong path to follow. Let me explain why.

One of the great strengths of Hong Kong has been — and is — that we are generally motivated not by envy but by a desire for self-improvement — when we see a successful man, we seek to emulate him, not to drag him down. And contrary to what Mr FUNG says, I believe we all know that we have achieved great social mobility in Hong Kong — there are good examples of it indeed in this Chamber.

That healthy attitude that I have just described has been fostered by clear and consistent government policies, which have the general support of the public, rich and poor:

- policies to ensure merit can find its way to the top, that talents can be fully developed, through subsidized education;
- policies to provide incentive for hard work, by a low tax system;

- policies to provide a safety net for those who need help, through our social spending on housing, on welfare, on health and on hospitals — and it is worth recalling that we are continually upgrading our efforts here. I refer for example to the sandwich class housing scheme, and to the major improvement in social security benefits with effect from 1 July this year.

But Mr FUNG believes we should go much further. Let me deal first with tax policy. I do not believe that we should increase taxes unless this is necessary for revenue purposes — and generally speaking we have in recent times been in the fortunate position that major increases in revenue through tax increases have not been needed.

But the logic of Mr FUNG's position is that regardless of our revenue needs, we should raise taxes on the better-off, so as to reduce their net income. Reducing taxes for the less well-off does not really arise because, as I have already pointed out, about half the employed population already pays zero salaries tax.

But what would be achieved by such a policy, other than making ratios of income differentials look better? Higher taxes on the rich, or on companies, would act as a disincentive to investment, to effort and ambition, and to growth. The less well-off would not benefit — quite the reverse; with lower growth comes not only lower revenue but more importantly lower employment and a slower increase in our standard of living. Similarly, Mr HUI Yin-fat's suggestion of a minimum wage would harm, not help, the lower paid workers who could risk unemployment as a result.

So let me make it very clear. It has not been — and is not — one of this Administration's aims to seek to level off income differentials. Nor I believe is it an aim the community at large supports.

But I would go further — I believe that focussing on incomes, on measures of income differentials like the Gini Coefficient is unhelpful and has led some down the wrong path.

Let me focus on the Gini Coefficient. There has been much loose talk in Hong Kong about the Gini Coefficient. I do not think this concept is very helpful when it comes to assessing Hong Kong's experience of substantial real growth in incomes for all, but even bigger rewards for the most enterprising and talented members of our community.

The Gini Coefficient has several drawbacks. A number of Members have pointed them out. First, it is an academic abstraction. Secondly, as generally used by our critics, it ignores the substantial "transfer incomes" currently provided for a very significant part of our community. Thirdly, it presents, therefore, a distorted picture of the real living standards of the families concerned.

Let me be more specific. As employed by our critics, the Gini Coefficient ignores the very real contribution of both subsidized public housing and of social security to raising living standards. If these were taken into account, the extent of income inequality would be less than has been alleged.

Other factors make such indices crude at best. Let me give a further example. In line with the structural transformation of the Hong Kong economy, there has been a distinct upgrading of the occupation mix, with faster pay increase for jobs in the professional, managerial, supervisory and technical levels, as against jobs requiring little skills. This is a beneficial development and the increased income diversity is partly a consequence of it. Hence, Mr FUNG should not be surprised or distressed if wages go up at different rates in different sectors — it would be worrying if this were not the case — it would mean we had a very inflexible labour market and economy.

In any case, Hong Kong has nothing to be ashamed of when it comes to international comparisons of income distribution. As another Member has mentioned, the figure for Hong Kong is, for example, comparable with that for Singapore and the United Kingdom. And, of course, in the past decade, household incomes in Hong Kong have registered marked increases even for the lower income brackets. The standard of living has increased across the board.

Let me repeat in this context the question I posed earlier. Suppose I accepted the message of this motion and levied higher taxes on the most enterprising and talented members of our community, what would be the result? We would depress the rewards of growth and so take a step towards the equalization of incomes at lower levels of prosperity for all sectors of the community. And even then our critics would see no improvement because they refuse to take into account the redistributive effects of taxes and public expenditure — of the very social policies mentioned in the motion. So they would still complain — and perhaps would continue to do so until an equality of misery was achieved.

I would like to make one other, rather sensitive point. We have many social policies designed precisely to help the less well-off and the vulnerable. I believe it is important to ensure that those policies are not weakened so as to make them less selective, hence providing less assistance than would otherwise have been available.

Lest that is too theoretical, let me cite as an example housing policy. I believe Mr FUNG was on the side of those resisting the double rent policy. Yet the result of such well-intentioned campaigns is precisely to weaken the effectiveness of our huge subsidized housing programme in helping those most in need. We have in our public housing estates a situation in which relatively well-off families can continue to pay a heavily subsidized rent. And can even get priority over poorer people in private housing when it comes to applying for Home Ownership Scheme flats — even if those relatively well-off families already own a flat (or flats) elsewhere in Hong Kong. At the same time that the

better-off enjoy such privileges, ordinary families have to wait their turn patiently or impatiently for public housing while paying high rent for private accommodation — sometimes to landlords in public housing. I would suggest that we need to look again at some of our social policies — not as Mr FUNG suggests to alter income distribution — but to try to ensure those who benefit are those most in need, which is a different point.

To conclude, Mr President, I believe we should continue down the path of genuine concern for those in need, and action to assist them; coupled with a determination to provide equal opportunities so that those with merit can make their way to the top whatever their family income. Members will have gathered from my remarks that the Official Members will oppose the original motion, but will support the amendment.

Question on Mr Henry TANG's amendment put.

Voice vote taken.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Would Members now please proceed to vote?

PRESIDENT: I have to ask for Members' indulgence. Despite the repairs that were done from last week, despite the fact that the machine was working this morning, it is malfunctioning. Would Members please push the buttons again? And if it does not work, we will go to a voice vote. It seems to be on course. Do Members have any queries? If not, the results will now be displayed.

The Chief Secretary, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr LAU Wong-fat, Mr Ronald ARCULLI, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Jimmy McGREGOR, Mr Peter WONG, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr CHIM Pui-chung, Dr LAM Kui-chun, Mr Eric LI, Mr Steven POON, Mr Henry TANG, Dr Philip WONG, Mr Howard YOUNG, Miss Christine LOH, Mr ROger LUK and Ms Anna WU voted for the amendment.

Mr Martin LEE, Mr SZETO Wah, Mr TAM Yiu-chung, Mr Andrew WONG, Dr LEONG Che-hung, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin voted against the amendment.

Mrs Elsie TU abstained.

THE PRESIDENT announced that there were 25 votes in favour of the amendment and 21 votes against it. He therefore declared that the amendment was approved.

PRESIDENT: Mr FUNG, do you wish to reply generally? You have 4 minutes 17 seconds.

MR FREDERICK FUNG (in Cantonese): Mr President, I am disappointed with the voting result. It seems that not only some of my honourable colleagues are biased on this issue; I am surprised that the Financial Secretary as well is likewise biased. The mention of tax reminds people quite invariably of a thorn. It does not matter whether it is soft or hard; there is this desire to pluck the thorn. The mere mention of tax has raised the temperature of the debate. I have not mentioned in the entire debate that the tax system must be changed. What I did was just to suggest that the causes of the problem which we are looking at may be dealt with by means of tax policies or other relevant social policies. As a matter of fact, I have done no more than suggesting a few solutions to the problem. The most important issue remains as to whether we should conduct a study into the issue of wealth disparity.

Personally, I have no illusions about either communism or socialism. If we analyse the problem from a socialist, communist, or indeed Marxist viewpoint, then the arch-enemy, indeed the main weakness, of capitalism is the gap between the rich and the poor. The reason why capitalism will eventually give way to socialism or even communism is that exploitation is a recurrent feature in the developmental process of capitalism. When the gap between the rich and the poor becomes ever widening, the poor will organize themselves to overthrow the rich at the end of the day. The problem of wealth disparity is the most effective factor contributing to the rise of communism. However, there are many societies which practise capitalism but socialism or communism has never been a real threat to them. The reason is that the wealth disparity in these societies is never allowed to worsen to such an extent that the poor will seek to overthrow the rich and there is consequently no question of the poor seeking to overthrow the entire capitalist system.

As a matter of fact, the problem of wealth disparity is actually a problem arising from the opposing social classes. To solve the problem of wealth disparity is in fact to seek a solution to the problem arising from the opposing social classes. But why is it that people are so fearful of any study of the problem of wealth disparity and of any attempts to solve the problem arising from the opposing social classes? Any attempts to solve the problem of wealth disparity will not turn Hong Kong into a socialist or communist place, so what are we so fearful of? If we turn a blind eye to the problem of wealth disparity,

then we will effectively allow it to worsen to such a point that socialism or communism will win people's support. I have always resisted the temptation to use this sort of argument in my analysis of the problem. I have only used some statistical data to shed light on the issue. Those statistical data are by no means my own fabrication; they are provided by academic authorities and the Government itself. All I wanted to do was to present the situation as plainly and as dispassionately as possible; I sought to bring this to the attention of Members without resorting to label-banding tactics. I hope the Government will conduct a study of the situation. If problems are identified at the end of the day, then we will of course deal with them. But if no problems are identified and all is well, then we should all give the Government the warm applause which it deserves.

Meanwhile, I have some other data which I also like to share with Members. It may of course be a little bit late to produce them at this point. Some of these data have in fact been cited by Dr YEUNG Sum just a while ago. In the period between 1971 and 1991, the gap between the richest 20% and the poorest 20% in Hong Kong has actually widened from accounting for 43.1% to 48.5% of our gross wealth. Put in another way, the richest 20% still account for 48.5% of the gross wealth of Hong Kong society after subtracting the wealth of the poorest 20% from their gross wealth. Let us look at the situation in the United States, Japan, the United Kingdom and Singapore. What is the wealth disparity in these countries? It is 37.2% in the United States, 28.8% in Japan, 33.7% in the United Kingdom, and 43.8% in Singapore. We can see that, surprisingly, the wealth disparity is the least serious in Japan despite the fact that Japan is regarded as the strongest economic power in the world, that it has the most dynamic free market and is effectively the most robust of all capitalist societies. One is prone to ask why. Who is after all advocating communism in today's debate? Who wants Hong Kong to take the socialist road? If the problem of wealth disparity is to deteriorate, then it will be up to the Government to use a corresponding policy to deal with the situation. Since I have still time left, I would like to give one more example for the Government to consider. (Although Members are not in support of my motion, it does not automatically mean that the Government could not conduct a study into the problem.)

As I was saying just now, in the past, it was possible for one to achieve some success through efforts one put to one's job. And a university graduate might have a better salary because he or she had better academic qualifications. However, in today's context, even a university graduate is not able to buy a home on his or her salary. This is a very good example

PRESIDENT: Mr FUNG, I am sorry, it is time.

Question on Mr Frederick FUNG's motion as amended by Mr Henry TANG's amendment put.

Voice vote taken.

PRESIDENT: Council will need to proceed to a division.

PRESIDENT: Would Member now please proceed to vote?

PRESIDENT: Do Members have any queries? If not, the results will now be displayed.

The Chief Secretary, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr LAU Wong-fat, Mr Ronald ARCULLI, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Jimmy McGREGOR, Mr Peter WONG, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr CHIM Pui-chung, Dr LAM Kui-chun, Mr Eric LI, Mr Steven POON, Mr Henry TANG, Dr Philip WONG, Mr Howard YOUNG, Miss Christine LOH, Mr Roger LUK and Ms Anna WU voted for the amended motion.

Mr Martin LEE, Mr SZETO Wah, Mr TAM Yiu-chung, Mr Andrew WONG, Dr LEONG Che-hung, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael Ho, Dr HUANG Chen-ya, Dr Conard LAM, Mr LAU Chin-shek, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin voted against the amended motion.

Mrs Elsie TU abstained.

THE PRESIDENT announced that there were 25 votes in favour of the amended motion and 21 votes against it. He therefore declared that Mr Frederick FUNG's motion as amended by Mr Henry TANG's amendment was carried.

Adjournment and next sitting

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 9 June 1993.

Adjourned accordingly at Nine o'clock.

Note: The short titles of the Bills/motions listed in the Hansard, with the exception of the Bedspace Apartments Bill, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.

WRITTEN ANSWERS**Annex I****Written answer by the Secretary for Security to Mr Henry TANG's supplementary question to Question 1**

The estimate of 75 000 was made in early 1991 by bringing together the relevant sources of data available at that time and by making some crude working assumptions. Without going into technical details, the general methodology adopted in that exercise is briefly described in the Appendix. This estimate was based on indirect evidence; in the absence of actual data we had to use something for policy planning purposes. Nevertheless, we are satisfied that the estimate, in its order of magnitude, is acceptable.

It is probably worth pointing out that the figures of 75 000 and 310 200, which have featured in this issue, refer to two different groups, based on different data sources. The figure of 310 200 includes all children in China with parents, either one or both of whom was living in Hong Kong in mid-1991. Only a relatively small proportion of these children will have right of abode in Hong Kong in 1997 — those who have one parent who was a permanent resident of Hong Kong at the time of their birth.

Appendix

General Methodology used to estimate
the 75 000 Chinese children born to Hong Kong Residents
with Right of Abode in Hong Kong in 1997

The estimation involved the use of various data sources, including the Certificate of Absence of Marriage Record Statistics, the Legal Immigrant Statistics and the Demographic Statistics regularly produced by the Census and Statistics Department.

By using this data and making some assumptions about -

- (i) the marriage and fertility patterns of Hong Kong residents married in China; and
- (ii) the demographic profiles and the marriage and fertility patterns of the quota immigrants from China (based on the relevant statistical information available in 1991)

it was then possible to work out roughly the number of children likely to be born in China in the years up to 1997 for those people in Hong Kong who had been, or would be, married in China.

WRITTEN ANSWERS — *continued*

Of these children, the proportion who would have the right of abode in 1997 was further estimated with reference to their expected year of birth and their parents' duration of residence in Hong Kong at the time of their birth. By deducting from this total figure the number of children likely to have already come to Hong Kong before 1997 through the one-way permit system, the stock of children who would probably remain in China as at 1997 was derived.

It should be stressed that such an estimate will be subject to a margin of error, to the extent that some of the assumptions made might not transpire.

Annex II**Written answer by the Secretary for Security to Mr CHEUNG Man-kwong's supplementary question to Question 5**

I have now confirmed the position with the Attorney General's Chambers as regards the legal responsibility of a non-resident employer in Hong Kong.

Employment law in Hong Kong makes no distinction between a local employer and a non-resident employer. Any person, regardless of his resident status, will be held liable to pay an employee who is injured at work the compensation provided for under the law, or as awarded by the court. If the employer is a limited company with a distinct legal entity, the company itself, or its authorized agent, will be held liable for paying the employee's compensation. Under Hong Kong law, a director in a limited company could only incur personal liability if it is proved that an offence has been committed with his consent or connivance.

Our past experience has not suggested that there is a need to amend existing legislation specifically to hold a non-resident director in a limited company liable for paying an employee's compensation.

Annex III**Follow-up answer by the Secretary for Planning, Environment and Lands to Question 19 asked by Mr Henry TANG**

The Principal Government Building Surveyor, having rechecked the records, has now advised that between June 1986 and May 1989, 22 (not 27 as previously indicated) building plan submissions related to the "R(B)" zone were approved. They involved a total of 3 113 domestic units and 491 734 sq m of gross floor area.